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Vol. I

GOVERNMENT
PUBLICATIONS

Public Accounts 1986-87 Volume I

UNIVERSITY OF ALBERTA

MAR - 4 1988

GOVERNMENT
PUBLICATIONS

**Public Accounts
1986-87
Volume I**

To Her Honour
W. H. Hunley
Lieutenant Governor of Alberta

May it Please Your Honour

The undersigned has the honour to present the Public Accounts of Alberta for the year ended March 31, 1987, in accordance with the requirements of the Financial Administration Act.

Dick Johnston
Provincial Treasurer

Edmonton, December 2, 1987

To the Honourable Dick Johnston
Provincial Treasurer

Sir:

In accordance with the provisions of section 77 of the Financial Administration Act, we have the honour to transmit herewith the Public Accounts of Alberta for the year ended March 31, 1987 to be laid by you before the Legislative Assembly.

The Public Accounts are presented in two volumes:

Volume I contains financial statements and the reports of the Auditor General thereon, including

1. Consolidated financial statements of the Province of Alberta,
2. Financial statements of the General Revenue Fund,
3. Financial statements and schedules of revolving funds, regulated funds, Provincial agencies and trust funds administered by the Government.

Volume II contains details of expenditure and revenue by department and statements and reports that are required to be included with the Public Accounts in accordance with the Financial Administration Act and other statutes.

In addition to the Public Accounts, a report presenting details of expenditure by payee is provided as supplementary information.

Respectfully submitted

A. D. O'Brien
Deputy Provincial Treasurer
Management and Control

M.H. Mylod, C.A.
Acting Controller

Alberta Treasury
Edmonton, December 2, 1987

VOLUME I

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SECTION 1

1986-87 PUBLIC ACCOUNTS

CONSOLIDATED FINANCIAL STATEMENTS OF THE PROVINCE OF ALBERTA

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CONSOLIDATED FINANCIAL STATEMENTS
OF THE PROVINCE OF ALBERTA
FOR THE YEAR ENDED MARCH 31, 1987

Introduction:

The financial statements in this section are consolidations of the financial statements of the General Revenue Fund, revolving funds, regulated funds, Provincial corporations, Provincial committees and commercial enterprises for which separate financial statements or summaries are presented in sections 2 to 7 inclusive.

The following corporations are excluded from the definition of Provincial corporation and are exempted from all other provisions of the Financial Administration Act except section 2, which provides the exemption, and section 81 respecting the approval of borrowing by the Provincial Treasurer. Accordingly their accounts are excluded from the Public Accounts and the consolidated financial statements.

- (a) The board of a university under the Universities Act
- (b) The interim governing body of a university under the Universities Act
- (c) The board of a public college under the Colleges Act
- (d) The Governors of the Banff Centre for Continuing Education
- (e) The board of a technical institute under the Technical Institutes Act
- (f) The interim governing authority of a technical institute under the Technical Institutes Act
- (g) The Alberta Heritage Foundation for Medical Research
- (h) The board of management of a Provincial General Hospital under the Provincial General Hospitals Act
- (i) A mental health hospital board under the Mental Health Act
- (j) The Alberta Cancer Board, and
- (k) The University Hospitals Board under the University of Alberta Hospitals Act

The methods of consolidation are described in the Accounting Policy note that forms part of the financial statements.

These comprehensive statements are presented to disclose the economic impact of the Government and the state of its finances in a manner that will assist in assessment of these matters.

PROVINCE OF ALBERTA
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Consolidated Statement of Reported Assets, Liabilities and Net Assets
Consolidated Statement of Revenue and Expenditure
Consolidated Statement of Changes in Financial Position
Notes to the Consolidated Financial Statements
Schedules to the Consolidated Financial Statements

AUDITOR'S REPORT

To the Members of the
Legislative Assembly

I have examined the consolidated statement of reported assets, liabilities and net assets of the Province of Alberta as at March 31, 1987 and the consolidated statements of revenue and expenditure and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Province of Alberta as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 1 to the consolidated financial statements applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
November 6, 1987

C.A.
Auditor General

PROVINCE OF ALBERTA
CONSOLIDATED STATEMENT OF REPORTED ASSETS,
LIABILITIES AND NET ASSETS
MARCH 31, 1987

| Schedule No. | | In thousands | |
|--------------|--|---------------------|---------------------|
| | | 1987 | 1986 |
| | ASSETS | | |
| 1.1 | Cash and marketable securities | \$ 2,315,082 | \$ 3,360,443 |
| | Accounts receivable | 1,304,661 | 1,632,011 |
| 1.2 | Portfolio investments | 5,815,584 | 5,183,854 |
| 1.3 | Long-term investments | 824,873 | 735,491 |
| 1.4 | Equity in commercial enterprises | 1,414,863 | 1,539,916 |
| 1.5 | Loans and advances | 9,833,145 | 8,335,431 |
| | Real estate held for rental and resale | 218,848 | 202,323 |
| | | <u>\$21,727,056</u> | <u>\$20,989,469</u> |
| | LIABILITIES AND NET ASSETS | | |
| | Liabilities: | | |
| | Accounts and loans payable | \$ 1,414,584 | \$ 1,702,637 |
| | Unearned revenue and suspense | 64,096 | 56,880 |
| 1.6 | Unmatured debt | 7,622,322 | 3,175,157 |
| | | <u>9,101,002</u> | <u>4,934,674</u> |
| 1.7 | Restricted profits and equity | 4,063,048 | 3,461,448 |
| | Net Assets: | | |
| | Net assets at beginning of year | 12,593,347 | 12,633,978 |
| | Net expenditure - Statement No. 1.2 | 4,030,341 | 40,631 |
| | Net assets at end of year | <u>8,563,006</u> | <u>12,593,347</u> |
| | | <u>\$21,727,056</u> | <u>\$20,989,469</u> |
| 1.11 | Guarantees | \$ 637,753 | \$ 524,988 |
| 1.12 | Trust funds under administration | \$ 1,688,219 | \$ 1,559,354 |

The accompanying notes are part of these financial statements.

PROVINCE OF ALBERTA
 CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE
 FOR THE YEAR ENDED MARCH 31, 1987

| | In thousands | |
|--|---------------------|-------------------|
| | 1987 | 1986 |
| Revenue: | | |
| Taxes | \$ 2,626,598 | \$ 2,851,759 |
| Non-renewable resource revenue | 1,891,843 | 4,932,034 |
| Payments from Government of Canada | 1,642,499 | 1,742,048 |
| Fees, permits and licences | 520,036 | 586,719 |
| Trading profits | 203,030 | 276,032 |
| Investment income | 1,964,656 | 2,160,661 |
| Other revenue | 214,095 | 208,195 |
| | <u>9,062,757</u> | <u>12,757,448</u> |
| Expenditure: | | |
| Health | 3,184,465 | 2,958,003 |
| Education | 2,670,478 | 2,544,437 |
| Social services | 1,277,332 | 1,155,525 |
| Regional planning and development | 799,583 | 726,777 |
| Housing | 137,727 | 100,326 |
| Recreation and culture | 229,750 | 241,525 |
| Environment | 193,551 | 168,910 |
| Resource conservation and economic development | 1,682,569 | 1,983,312 |
| Transportation and utilities | 1,397,710 | 1,495,908 |
| Protection of persons and property | 446,171 | 407,602 |
| General government | 843,642 | 658,029 |
| | <u>12,862,978</u> | <u>12,440,354</u> |
| Valuation adjustments | 230,120 | 357,725 |
| | <u>13,093,098</u> | <u>12,798,079</u> |
| Net expenditure | <u>\$ 4,030,341</u> | <u>\$ 40,631</u> |

PROVINCE OF ALBERTA
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | In thousands | |
|--|--------------------|--------------------|
| | 1987 | 1986 |
| Operating transactions: | | |
| Net expenditure | \$4,030,341 | \$ 40,631 |
| Non-cash items: | | |
| Net gain on disposals of investments | 61,205 | 153,532 |
| Amortization of deferred realized gains and losses on investments | 12,839 | 6,451 |
| Amortization of deferred unrealized exchange gains and losses on debt payable in United States dollars | 9,764 | (909) |
| Provision for doubtful accounts and loans | (210,729) | (131,440) |
| Gains and losses retained by commercial enterprises | (121,270) | (50,309) |
| Amortization of discount and premium on investments and debt, net | (34,838) | 22,038 |
| Write-off and write-down of investments and provision for decline in market value | (29,155) | (207,866) |
| Decrease in payables | 288,053 | 587,794 |
| Restricted profits and equity | (601,600) | (545,745) |
| Decrease in receivables | (311,223) | (830,077) |
| Unearned revenue and suspense | (7,216) | 10,025 |
| Cash applied to (provided by) operating transactions | <u>3,086,171</u> | <u>(945,875)</u> |
| Investing transactions: | | |
| Investments: | | |
| Portfolio investments | 2,117,408 | 1,756,354 |
| Long-term investments | 235,599 | 291,909 |
| Loans and advances | 2,248,003 | 518,950 |
| Real estate held for rental and resale, net | 16,525 | 139,882 |
| Proceeds from disposals, repayments and redemptions of investments: | | |
| Portfolio investments | (1,523,097) | (1,458,758) |
| Long-term investments | (136,217) | (313,312) |
| Equity in commercial enterprises, net | (3,783) | (117,143) |
| Repayment of loans and advances | (555,686) | (543,891) |
| Deferred realized gains and losses on investments | (42,845) | (15,991) |
| Cash applied to investing transactions | <u>2,355,907</u> | <u>258,000</u> |
| Financing transactions: | | |
| Debt retirement | 9,415,991 | 2,395,841 |
| Debt issues | (13,812,708) | (1,924,313) |
| Cash applied to (provided by) financing transactions | <u>(4,396,717)</u> | <u>471,528</u> |
| Decrease (increase) in cash and marketable securities | 1,045,361 | (216,347) |
| Cash and marketable securities at beginning of year | <u>3,360,443</u> | <u>3,144,096</u> |
| Cash and marketable securities at end of year | <u>\$2,315,082</u> | <u>\$3,360,443</u> |

PROVINCE OF ALBERTA
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 1987

Note 1 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies:

(a) Reporting entity

These financial statements include the accounts of the following entities which are reported separately in this volume in the section indicated:

| | |
|------------------------------|-----------|
| (i) The General Revenue Fund | Section 2 |
| (ii) Revolving Funds | Section 3 |
| (iii) Regulated Funds | Section 4 |
| (iv) Provincial Corporations | Section 5 |
| (v) Provincial Committees | Section 6 |
| (vi) Commercial Enterprises | Section 7 |

Under the Financial Administration Act, Alberta Energy Company Ltd., in which the Province holds 37% of the voting shares, does not come under the definition of Provincial corporation. The Province's investment in that company is included in long-term investments at cost. Housing authorities incorporated under section 42 of the Alberta Mortgage and Housing Corporation Act, the Credit Union Stabilization Corporation established under section 90 of the Credit Union Act, a board of a hospital district appointed by an order under section 8 of the Hospitals Act and new towns incorporated under section 5 of the New Towns Act are excluded from the definition of Provincial corporation. Accordingly the accounts of housing authorities, the Credit Union Stabilization Corporation, the hospital district boards and new towns are not included in the consolidated financial statements.

The following corporations are excluded from the definition of Provincial corporation and are exempted from all other provisions of the Financial Administration Act except section 2, which provides the exemption, and section 81 respecting the approval of borrowing by the Provincial Treasurer. Accordingly their accounts are excluded from the Public Accounts and the consolidated financial statements.

- (a) The board of a university under the Universities Act
- (b) The interim governing body of a university under the Universities Act.
- (c) The board of a public college under the Colleges Act
- (d) The Governors of the Banff Centre for Continuing Education
- (e) The board of a technical institute under the Technical Institutes Act
- (f) The interim governing authority of a technical institute under the Technical Institutes Act.
- (g) The Alberta Heritage Foundation for Medical Research
- (h) The board of management of a Provincial General Hospital under the Provincial General Hospitals Act
- (i) A mental health hospital board under the Mental Health Act
- (j) The Alberta Cancer Board, and
- (k) The University Hospitals Board under the University of Alberta Hospitals Act

(b) Method of consolidation

The accounts of revolving funds, regulated funds, Provincial corporations, except those designated as commercial enterprises, and Provincial committees are consolidated after adjusting them to a basis consistent with the accounting policies described below in (c). Inter fund, corporation and committee revenue and expenditure transactions, investing and financing transactions, and related asset and liability accounts have been eliminated.

The accounts of commercial enterprises are recorded on an equity basis, the equity being computed in accordance with generally accepted accounting practices applicable to those enterprises.

The reporting period of eight of the Provincial corporations is for the year ended December 31, 1986. Where the transactions of those corporations significantly affect the consolidation, they have been restated to March 31, 1987.

(c) Basis of financial reporting

Revenues

Revenues are reported on an accrual basis except for net personal and corporate income taxes which are reported on a cash basis. Non-renewable resource revenue includes an estimate of revenue receivable from certain categories of resource royalty payers as well as various adjustments applicable to prior years. As the need for adjustment of this revenue is identified in future years, the adjustment will be reflected in revenue of those years.

Expenditures

Expenditures represent the cost of goods and services acquired during the year and expenditures made or accrued in accordance with the conditions of approved grant programs, including capital acquisitions, expenditures on capital programs and grants for capital purposes.

Pension costs are reported on a current contributions basis and no provision is made for actuarial estimates of additional annual costs.

No provision is made for accrued employee vacation entitlements, sick leave and long term disability benefits.

Reported Assets and Liabilities

Reported assets are limited to financial claims on outside organizations and individuals and real estate held for rental and resale at the year end. Because income taxes are reported on a cash basis, net personal and corporate income taxes receivable are not reported.

Liabilities include all financial claims payable by the Province at the year end. No provision is made for actuarial estimates of liabilities in respect of the present or future benefits payable under Pension Plan Acts with benefits directly chargeable to or guaranteed by the Province, other than the amount included in restricted profits and equity (Schedule 1.7). No provision is made for accrued employee vacation entitlements, sick leave and long term disability benefits, amounts payable under the Alberta Income Tax Act, the Alberta Corporate Income Tax Act, commitments under construction or other contracts and agreements at the year end, including capital equipment leases.

Marketable securities are temporary investments; they are valued at cost or market value, whichever is lower, on an aggregate basis.

Portfolio investments are investments that are required to meet specific future obligations or to provide income over a long period.

Bonds, bond coupons and residuals, mid-term money market securities and mortgages included in portfolio investments are carried at cost adjusted for deferred unamortized realized gains and losses. Realized gains and losses on disposals of these investments are considered to be an adjustment of future portfolio yield and are deferred and amortized on a straight line basis over the lesser of the remaining term to maturity of the investment disposed of or ten years.

Common shares, preferred shares, warrants, pooled equity trust units and energy fund units included in portfolio investments are carried at cost. Real estate is carried at the lower of cost and appraised value. Realized gains and losses on disposals of these investments are included in the determination of net expenditure.

Long-term investments are those that are intended to be held as long term assets; they are recorded at cost.

Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Real estate held for rental and resale is valued at the lower of cost and net realizable value.

Debentures included in unmaturing debt are recorded at the face amount of the issue less unamortized discount, which includes issue expenses, and sinking fund assets. Sinking fund investments are carried on the same valuation basis as portfolio investments, at cost or adjusted cost. Treasury bills and promissory notes are recorded at issue principal less unamortized discount, where applicable.

Restricted profits and equity refers to the profits and equity of a Provincial corporation and a regulated fund included in the consolidated financial statements which are restricted by legislation and are therefore excluded from net assets of the Province.

Each asset, liability, revenue or expenditure arising from a foreign currency transaction is translated into Canadian dollars by the use of an average exchange rate in effect at the transaction date.

Cash, term deposits, accounts receivable, accounts payable and debenture debt denominated in foreign currency are translated at the rate of exchange in effect at the balance sheet date.

Gains and losses arising from the translation of foreign currencies are included in the determination of net expenditure, except that unrealized exchange gains or losses relating to hedged assets are deferred, and unrealized exchange gains and losses relating to unmaturing debt are deferred and amortized over the remaining term of the debt.

Consistent with the reporting of capital acquisitions as expenditure, fixed assets are not reported.

Note 2 Pension Liabilities and Commitments

The Pension Fund is a regulated fund established for the purpose of assisting the Government to meet its liability under guarantees of pensions under the six pension plans administered by the Government. The Pension Fund balance in restricted profits and equity at March 31, 1987 amounted to \$3,517,128,000 (1986 - \$3,030,101,000).

Actuarial valuations of these pension plans were carried out at March 31, 1985 and estimated accrued liabilities were as undernoted.

| | |
|---|------------------------|
| Local Authorities Pension Act | \$2,684,007,000 |
| M.L.A. Pension Act | 30,215,000 |
| Public Service Management Pension Act | 904,734,000 |
| Public Service Pension Act | 1,654,033,000 |
| Special Forces Pension Act | 389,281,000 |
| Universities Academic Pension Act | 780,944,000 |
| Total liability | 6,443,214,000 |
| Less Pension Fund balance included in restricted profits and equity at March 31, 1985 | 2,563,435,000 |
| Unfunded accrued liability | <u>\$3,879,779,000</u> |

The above figures were estimated by calculating the present value, at March 31, 1985, of benefits that accrued in respect of service to that date. The valuations were based on a common set of economic assumptions, including rate of salary increases due to inflation, interest rates and rates of discretionary cost of living increases for present and future retired members. Some of the demographic assumptions used in estimating the above liabilities, including termination, retirement, and salary increases due to promotion and merit, varied from plan to plan according to the particular characteristics of each plan.

Under provisions of the Teachers' Retirement Fund Act, payment of all benefits is guaranteed by the Province of Alberta. An actuarial valuation at August 31, 1986 indicated that Teachers' Retirement Fund assets were insufficient by an amount of approximately \$2,138,000,000 to meet the liabilities of the fund. The actuarial valuation was based on a different set of assumptions to those used for the above Pension Acts. A separate actuarial valuation at August 31, 1986 based on the same economic assumptions and actuarial cost method as used for the above Pension Acts indicated that Teachers' Retirement Fund assets were insufficient by an amount of approximately \$2,585,000,000 to meet the liabilities of the fund. When preparing the latter valuation, the consulting actuary estimated that the unfunded accrued liability would amount to approximately \$2,745,000,000 at March 31, 1987.

The Province of Alberta has an obligation to pay from the General Revenue Fund to the Workers' Compensation Board the costs of additional amounts of compensation for permanent total disability or permanent partial disability in respect of accidents which occurred prior to January 1, 1974. The Board determined that the actuarial liability arising from those increases amounted to approximately \$208,000,000 at March 31, 1987.

Prior to April 1, 1986, all costs incurred by the Workers' Compensation Board relative to work-related accidents to provincial employees were reimbursed by the Province of Alberta. From that date the Province has been assessed premiums based on its salaries, job classifications and experience. The Board determined that the actuarial liability arising from those accidents which occurred prior to April 1, 1986 amounted to approximately \$38,000,000 at March 31, 1987.

Note 3 Contingent Liabilities

The Province has a contingent liability in respect of a statement of claim issued on February 19, 1982. The plaintiffs are the members of the Lubicon Lake Band and the Cree Community of Little Buffalo Lake. The defendants are the Province of Alberta and a number of oil companies. The plaintiffs claim entitlement to at least 60 square miles of land in Northwestern Alberta as a reserve. They are also claiming \$700,000,000 in lieu of royalties and revenues, or alternatively a reserve of 60 square miles including mines and minerals together with \$200,000,000 damages, and interest on all amounts.

The Province has a contingent liability in respect of a statement of claim filed by eight Metis Settlement Associations. On February 2, 1977 it was contended that the Province had received approximately \$30,000,000 from the sale, lease or rental, royalties and fees from the petroleum and natural gas rights on certain lands and that the Associations were entitled to the aforesaid monies as well as all monies thereafter accruing from these petroleum and natural gas rights.

The Province also has a contingent liability in respect of five other native land or mineral rights claims in which the amounts claimed are unspecified.

At March 31, 1987 the Province was named as defendant in various legal actions in addition to those noted above. The total claimed in specific legal actions amounts to approximately \$194,258,000. Potential claims amount to approximately \$6,295,000.

The resulting loss, if any, from these claims and potential claims cannot be determined.

The Province has a contingent liability to return to Indian Bands its share of oil export tax relating to the period October 1, 1973 to March 31, 1974 in respect of oil production from Indian lands. The Province is committed to return its share of oil export tax, which amounts to approximately \$4,650,000, if the federal government makes a similar decision in respect of its share.

On April 24, 1985 representatives of the City of Edmonton and the Government of Alberta signed a Memorandum of Understanding which established an Arbitration Committee to hold hearings to "develop or select a practical toll-sharing formula for the sharing of toll revenues generated in the City of Edmonton".

On February 28, 1987, the Arbitration Committee released its decision outlining a basis for toll revenue sharing which is effective January 1, 1985. Under the Committee's formula 'edmonton telephones' will receive \$10,226,060 for the first three months of 1985 out of toll revenues generated in the City of Edmonton. On an annualized basis this would amount to an estimated \$43,175,169 for 1985.

This amount will be reduced by \$15,631,334 already paid by the Province under existing agreements, thus leaving an additional amount of \$27,543,835 to be paid to 'edmonton telephones' for 1985. The Committee stated that the amounts payable under the formula in subsequent years "may be of the like order, depending upon various factors".

In management's opinion, the effect of this additional liability of \$27,543,835 on the revenue of the Province will be reduced by amounts claimable in revenue settlements with other members of Telecom Canada, and by other potential administrative costs. Due to the timing of the Arbitration Committee's decision and the complexities involved in establishing these amounts, the net impact on the revenue of the Province for 1986 and 1987 cannot be reasonably estimated at this time. Accordingly, these financial statements have not been adjusted to reflect the Arbitration Committee's decision.

Details of guarantees are shown in Schedule 1.11.

No provision has been made in the consolidated financial statements for contingent liabilities resulting from litigation and guarantees.

Note 4 Segmented Information

Segmented information on net expenditure (revenue) is as follows:

| | 1987 | 1986 |
|-------------------------------------|------------------------|----------------------|
| General Revenue Fund | \$3,440,409,000 | \$458,201,000 |
| Alberta Capital Fund | 256,402,000 | — |
| Alberta Heritage Savings Trust Fund | 4,652,000 | (424,375,000) |
| Other regulated funds | 5,877,000 | 3,735,000 |
| Provincial agencies | 203,404,000 | (48,536,000) |
| Commercial enterprises | 119,597,000 | 51,606,000 |
| | <u>\$4,030,341,000</u> | <u>\$ 40,631,000</u> |

The above figures are before elimination of inter-entity transactions but after adjustments necessary to bring the reporting entities to the same basis of accounting as described in Note 1(c).

Note 5 Exploratory Drilling Assistance Credits

During the year ended March 31, 1987 the Minister of Energy established exploratory drilling assistance credits amounting to \$216,999,000 that may be applied in satisfaction of royalty owing to the Crown in respect of petroleum or natural gas recovered after March 31, 1987. No provision has been made in the financial statements for exploratory drilling assistance credits as they can only be applied against the payment of royalty accruing after March 31, 1987.

Note 6 Subsequent Event

In June 1987, the Province issued approximately \$900,000,000 of Alberta Capital Bonds at par. The net proceeds were used in part by the Province to retire certain outstanding short-term debt amounting to \$267,000,000. The balance of the net proceeds was used to finance capital construction projects and general operations in the 1987-88 fiscal year.

Note 7 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to the 1987 presentation.

Note 8 Approval of Financial Statements

These financial statements were approved by the Deputy Provincial Treasurer - Management and Control and the Acting Controller.

PROVINCE OF ALBERTA
 SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 1987

CASH AND MARKETABLE SECURITIES

| | In thousands | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 1987 | | 1986 | |
| | Book Value | Market Value | Book Value | Market Value |
| Bonds: | | | | |
| Government of Canada, direct and guaranteed | \$ 23,858 | \$ 24,825 | \$ 35,767 | \$ 36,436 |
| Provincial, direct and guaranteed | 5,358 | 5,510 | 65,260 | 63,829 |
| Board of Governors of the University of Alberta | 4,991 | 5,056 | 5,047 | 5,070 |
| Municipalities, school and hospital boards | 2,548 | 2,158 | 3,077 | 2,613 |
| Corporate | 7,269 | 7,292 | 8,932 | 8,898 |
| Bond coupons and residuals: | | | | |
| Government of Canada, direct | 12,271 | 12,494 | 74,196 | 74,156 |
| Mid-term money market securities: | | | | |
| Promissory notes | 5,915 | 9,915 | 21,970 | 21,952 |
| Certificates of deposit and guaranteed investment certificates | 4,399 | 4,428 | 3,000 | 3,035 |
| Mortgages | — | — | 9,183 | 10,112 |
| Common shares | 5,412 | 5,452 | 5,169 | 5,166 |
| | <u>72,021</u> | <u>77,130</u> | <u>231,601</u> | <u>231,267</u> |
| Short-term money market securities (a): | | | | |
| Treasury bills | 679,836 | 679,836 | 1,366,322 | 1,366,322 |
| Bankers' acceptances | 401,185 | 401,185 | 189,099 | 189,099 |
| Promissory notes | 134,884 | 134,884 | 264,799 | 264,799 |
| Deposit receipts | 119,558 | 119,558 | 234,378 | 234,378 |
| Certificates of deposit and guaranteed investment certificates | 60,716 | 60,716 | 151,312 | 151,312 |
| Bearer deposit notes | 11,868 | 11,868 | 85,239 | 85,239 |
| | <u>1,408,047</u> | <u>1,408,047</u> | <u>2,291,149</u> | <u>2,291,149</u> |
| Royalty oil (b) | <u>78,722</u> | <u>78,722</u> | <u>14,817</u> | <u>14,817</u> |
| Cash: | | | | |
| Cash in bank and in transit | 107,255 | 107,255 | (48,902) | (48,902) |
| Deposits in the Consolidated Cash Investment Trust Fund | 649,037 | 649,037 | 872,112 | 872,112 |
| | <u>756,292</u> | <u>756,292</u> | <u>823,210</u> | <u>823,210</u> |
| | <u>\$2,315,082</u> | <u>\$2,320,191</u> | <u>\$3,360,777</u> | <u>\$3,360,443</u> |

(a) The market value of short-term money market securities is estimated to approximate cost.

(b) Represents the net realizable value of the Crown's royalty share of oil in pipelines at the year end.

PORTFOLIO INVESTMENTS

| | In thousands | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 1987 | | 1986 | |
| | Book Value | Market Value | Book Value | Market Value |
| Bonds: | | | | |
| Government of Canada, direct and guaranteed | \$1,660,817 | \$1,855,553 | \$1,527,448 | \$1,731,069 |
| Provincial, direct and guaranteed | 2,171,009 | 2,422,543 | 1,984,893 | 2,195,592 |
| Municipal | 3,382 | 3,548 | 460 | 497 |
| Corporate | 358,405 | 368,131 | 284,661 | 298,071 |
| Corporate, convertible | 19,662 | 20,556 | 31,670 | 31,464 |
| Mid-term money market securities: | | | | |
| Promissory notes | 63,180 | 65,496 | 68,719 | 76,087 |
| Certificates of deposit and guaranteed investment certificates | 16,700 | 18,282 | 3,517 | 3,581 |
| Mortgages | 117,452 | 137,644 | 74,620 | 89,770 |
| Bond coupons and residuals: | | | | |
| Government of Canada, direct | 244,399 | 254,143 | 284,013 | 296,507 |
| Deferred unamortized realized gains and losses | (66,336) | — | (36,139) | — |
| | 4,588,670 | 5,145,896 | 4,223,862 | 4,722,638 |
| Common shares, preferred shares, warrants and pooled equity trust units | 1,111,186 | 1,813,821 | 876,948 | 1,336,209 |
| Real estate | 114,257 | 114,257 | 81,626 | 81,626 |
| Energy fund units | 1,471 | 1,253 | 1,418 | 1,413 |
| | <u>\$5,815,584</u> | <u>\$7,075,227</u> | <u>\$5,183,854</u> | <u>\$6,141,886</u> |

Schedule 1.3

LONG-TERM INVESTMENTS

| | In thousands | |
|---|------------------|------------------|
| | 1987 | 1986 |
| Corporate debentures: | | |
| Vencap Equities Alberta Ltd., participating debenture | \$199,997 | \$199,998 |
| General Systems Research Ltd., non-interest bearing participating debenture | — | 2,500 |
| Preferred shares: | | |
| Sturdi-Wood Inc. Class B | 25,200 | 4,600 |
| Chembiomed Ltd. | 11,269 | 3,369 |
| General Systems Research Ltd., Class A | 7,500 | — |
| Global Thermoelectric Power Systems Ltd. | 3,808 | 3,809 |
| Native Venture Capital Co. Ltd., Class A | 1,980 | 1,980 |
| Myrias Research Corporation | 1,578 | 1,578 |
| Norstar Instruments Ltd., series A | 1,000 | 600 |
| Teknica Resource Development Ltd., Class X | 1,000 | — |
| D & S Knowledge Systems Inc., Class G | 234 | — |
| Common shares: | | |
| Alberta Energy Company Ltd. | 87,346 | 55,708 |
| Tomotechnology Inc., Class A | 625 | — |
| Native Venture Capital Co. Ltd., Class A | 10 | 10 |
| Native Venture Capital Co. Ltd., Class B | 10 | 10 |
| Pacific Western Airlines Corporation | — | 2,734 |
| Venture equity: | | |
| Participation in Syncrude Project | 483,316 | 458,595 |
| | <u>\$824,873</u> | <u>\$735,491</u> |

PROVINCE OF ALBERTA

Schedule 1.4

EQUITY IN COMMERCIAL ENTERPRISES

| | In thousands | | | | | | | Total | |
|---|--|---------------------------------------|------------------------------|--|--|---------------------------------------|--|---------------------|---------------------|
| | Alberta Intermodal Services Ltd. | Alberta Liquor Control Board | Alberta Terminals Ltd. | The Alberta General Insurance Company | The Alberta Government Telephones Commission | The Workers' Compensation Board | Treasury Branches Deposits Fund | 1987 | 1986 |
| Adjusted unremitted earnings (deficit) - cumulative | \$ (1,863) | \$ 21,434 | \$ 2,749 | \$ 438 | \$ 173,818 | \$ (289,656) | \$ (118,142) | \$ (211,222) | \$ (89,968) |
| General reserves | — | 138,000 | — | 29 | — | — | — | 138,029 | 138,045 |
| Investments by consolidated entities: | | | | | | | | | |
| Common shares | 20,000 | — | 17,528 | — | — | — | — | 37,528 | 37,528 |
| Bonds and debentures | — | — | — | — | 1,358,510 | — | — | 1,358,510 | 1,497,890 |
| Loans and advances | — | — | — | — | 109,635 | — | — | 109,635 | — |
| | <u>18,137</u> | <u>159,434</u> | <u>20,277</u> | <u>467</u> | <u>1,641,963</u> | <u>(289,656)</u> | <u>(118,142)</u> | <u>1,432,480</u> | <u>1,583,495</u> |
| Less: | | | | | | | | | |
| Net investment of commercial enterprises in debt of consolidated entities | — | — | — | — | — | 17,617 | — | 17,617 | 18,579 |
| Loans to consolidated entities | — | — | — | — | — | — | — | — | 25,000 |
| | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>17,617</u> | <u>—</u> | <u>17,617</u> | <u>43,579</u> |
| Total - 1987 | <u>\$ 18,137</u> | <u>\$ 159,434</u> | <u>\$ 20,277</u> | <u>\$ 467</u> | <u>\$ 1,641,963</u> | <u>\$ (307,273)</u> | <u>\$ (118,142)</u> | <u>\$ 1,414,863</u> | |
| Total - 1986 | <u>\$ 20,378</u> | <u>\$ 151,225</u> | <u>\$ 19,709</u> | <u>\$ (93)</u> | <u>\$ 1,607,169</u> | <u>\$ (146,283)</u> | <u>\$ (112,189)</u> | | <u>\$ 1,539,916</u> |

Schedule 1.5

LOANS AND ADVANCES

| | In thousands | |
|---|---------------------|---------------------|
| | 1987 | 1986 |
| Loans and advances made under the authority of: | | |
| Alberta Municipal Financing Corporation Act | \$ 5,063,602 | \$ 4,966,577 |
| Alberta Mortgage and Housing Corporation Act | 2,333,308 | 2,467,718 |
| Farm Credit Stability Fund Act | 1,122,373 | — |
| Agricultural Development Act | 1,018,314 | 1,011,988 |
| Small Business Term Assistance Fund Act | 500,793 | — |
| Alberta Opportunity Fund Act | 146,656 | 146,992 |
| Credit Union Act | 130,708 | 93,107 |
| Rural Electrification Revolving Fund Act and | | |
| Rural Electrification Long Term Financing Act | 58,704 | 52,823 |
| Financial Administration Act | 49,118 | 34,826 |
| Municipal Land Loans Act | 13,053 | 14,523 |
| Hail and Crop Insurance Act | 4,133 | 2,627 |
| Department of Transportation Act | 3,573 | 3,667 |
| Motion Picture Development Act | 2,689 | 2,192 |
| Students Finance Act | 257 | 273 |
| Cemeteries Act | 85 | 85 |
| Historical Resources Act | 24 | 28 |
| Public Trustee Act | 24 | 24 |
| Homestead Lease Loan Act | 5 | 4 |
| Miscellaneous | 3 | 3 |
| | <u>10,447,422</u> | <u>8,797,457</u> |
| Implemented guarantees made under the authority of: | | |
| Students Finance Act | 15,885 | 11,725 |
| Agricultural Development Act | 8,451 | 8,766 |
| Department of Agriculture Act | 1,559 | 2,184 |
| Co-operative Marketing Associations and | | |
| Rural Utilities Guarantee Act | 1,483 | 19 |
| Feeder Associations Guarantee Act | 722 | 772 |
| Agricultural Societies Act | 194 | 212 |
| | <u>28,294</u> | <u>23,678</u> |
| Judgement debts | <u>797</u> | <u>939</u> |
| | <u>10,476,513</u> | <u>8,822,074</u> |
| Less: Allowance for doubtful loans, advances, implemented guarantees and judgement debts | <u>643,368</u> | <u>486,643</u> |
| | <u>\$ 9,833,145</u> | <u>\$ 8,335,431</u> |

UNMATURED DEBT

| | Gross Debt | In thousands | | | Net Debt | |
|--|---------------------|---------------------|------------------------------------|---|---------------------|---------------------|
| | | Less | | Net Debt applied to reduce Equity in Commercial Enterprises | 1987 | 1986 |
| | | Sinking Funds Net | Debt held by Consolidated Entities | | | |
| | (a) | (b) | | | | |
| Debt Issued by: | | | | | | |
| Alberta Municipal Financing Corporation | \$ 5,924,290 | \$ 1,170,027 | \$ 1,476,644 | \$ 9,820 | \$ 3,267,799 | \$ 2,994,168 |
| General Revenue Fund | 3,403,756 | 170,352 | 18,465 | 1,805 | 3,213,134 | — |
| Farm Credit Stability Fund | 1,141,859 | — | 733,949 | — | 407,910 | — |
| Small Business Term Assistance Fund | 504,708 | — | 232,768 | — | 271,940 | — |
| Alberta Capital Fund | 240,297 | — | 14,654 | — | 225,643 | — |
| Alberta Mortgage and Housing Corporation | 3,826,618 | — | 3,694,640 | — | 131,978 | 141,717 |
| Alberta Provincial Corporation Loan Fund | 118,651 | — | — | — | 118,651 | 1,733 |
| Alberta Resources Railway Corporation | 78,440 | 39,733 | 53,440 | — | (14,733) | (31,000) |
| Alberta Agricultural Development Corporation | 1,003,760 | — | 1,003,760 | — | — | — |
| Alberta Opportunity Company | 155,600 | — | 155,600 | — | — | — |
| | <u>\$16,397,979</u> | <u>\$ 1,380,112</u> | <u>\$ 7,383,920</u> | <u>\$ 11,625</u> | <u>\$ 7,622,322</u> | <u>\$ 3,175,168</u> |

(a) Includes provision for exchange on debt payable in United States funds and deferred unamortized exchange gains and losses.

(b) Includes deferred unamortized realized gains \$2,272,000 (1986 - \$7,149,000) and adjustments for inter fund holdings \$79,255,000 (1986 - \$45,310,000).

Schedule 1

RESTRICTED PROFITS AND EQUITY

| | In thousands | |
|--|--------------------|--------------------|
| | 1987 | 1986 |
| Profits and equity restricted by: | | |
| Pension Fund Act: | | |
| Equity (a) | \$3,517,128 | \$3,030,101 |
| Alberta Municipal Financing Corporation Act: | | |
| Profits (b) | 545,901 | 431,329 |
| Equity (c) | 19 | 18 |
| | <u>\$4,063,048</u> | <u>\$3,461,448</u> |

(a) Represents partial funding of liabilities under the Local Authorities Pension Plan Act, Members of the Legislative Assembly Pension Plan Act, Public Service Management Pension Plan Act, Public Service Pension Plan Act, Special Forces Pension Plan Act and Universities Academic Pension Plan Act. Details of the most recent actuarial valuations of the total liability of the Province under the six pension plans are provided in Note 2.

(b) Refers to a portion of Alberta Municipal Financing Corporation's shareholders' equity which is excluded from net assets of the Province. Under the Alberta Municipal Financing Corporation Act, the Alberta Municipal Financing Corporation has "the power to pay from time to time, as a rebate of interest, any profits of the corporation to shareholders of the corporation that have borrowed moneys from the corporation or sold debentures of their own issue to the corporation, proportionately as such shareholders made use of the facilities of the corporation over the period in which any such profits were derived".

(c) Represents the cost of common shares held by municipalities, counties, cities, towns, school districts and divisions and hospital boards.

PROVINCE OF ALBERTA

Schedule 1.8

REVENUE

| | In thousands | |
|---|--------------------|---------------------|
| | 1987 | 1986 |
| Taxes: | | |
| Personal income tax | \$ 1,768,092 | \$ 1,521,228 |
| Corporate income tax | 321,483 | 711,162 |
| Other | 537,023 | 619,369 |
| | <u>2,626,598</u> | <u>2,851,759</u> |
| Non-Renewable Resource Revenue: | | |
| Royalties, rentals and fees, bonuses and sales of Crown leases | 2,486,126 | 5,387,005 |
| Drilling, well servicing and geophysical incentives | (169,157) | (44,192) |
| Royalty tax credit | (425,126) | (410,779) |
| | <u>1,891,843</u> | <u>4,932,034</u> |
| Payments from Government of Canada: | | |
| Canada assistance plan | 416,712 | 379,961 |
| Hospital insurance | 349,345 | 362,374 |
| Utility companies income tax transfers | 220,008 | 215,974 |
| Post-secondary education | 200,207 | 206,032 |
| Crop insurance and reinsurance | 72,299 | 177,292 |
| Health care insurance | 115,049 | 116,186 |
| Extended health care | 106,308 | 98,970 |
| Other | 162,571 | 185,259 |
| | <u>1,642,499</u> | <u>1,742,048</u> |
| Fees, Permits and Licences | <u>520,036</u> | <u>586,719</u> |
| Trading Profits | <u>203,030</u> | <u>276,032</u> |
| Investment Income | <u>1,964,656</u> | <u>2,160,661</u> |
| Other | <u>214,095</u> | <u>208,195</u> |
| | <u>\$9,062,757</u> | <u>\$12,757,448</u> |

Schedule 1.9

EXPENDITURE BY OBJECT

| | In thousands | |
|---|---------------------|---------------------|
| | 1987 | 1986 |
| Salaries, wages, employment contracts and benefits | \$ 1,367,762 | \$ 1,336,561 |
| Travel and communication | 157,853 | 158,277 |
| Services | 1,477,793 | 1,263,547 |
| Materials and supplies | 260,885 | 327,584 |
| Grants to individuals, business and other levels of government | 8,659,284 | 8,666,213 |
| Purchase of fixed assets | 262,679 | 202,716 |
| Interest | 660,102 | 467,400 |
| Valuation adjustments | 230,120 | 357,725 |
| Other expenses | 16,620 | 18,056 |
| | <u>\$13,093,098</u> | <u>\$12,798,079</u> |

OPERATING AND CAPITAL EXPENDITURE BY MAJOR FUNCTION

| | In thousands Expenditure | | |
|---|-----------------------------|--------------|--------------|
| | Operating | Capital | Total |
| Health: | | | |
| 1987 | \$ 2,884,309 | \$ 300,156 | \$ 3,184,465 |
| 1986 | 2,639,041 | 318,962 | 2,958,003 |
| Education: | | | |
| 1987 | 2,474,883 | 195,595 | 2,670,478 |
| 1986 | 2,345,904 | 198,533 | 2,544,437 |
| Social Services: | | | |
| 1987 | 1,275,883 | 1,449 | 1,277,332 |
| 1986 | 1,153,762 | 1,763 | 1,155,525 |
| Regional Planning and Development: | | | |
| 1987 | 776,883 | 22,700 | 799,583 |
| 1986 | 721,305 | 5,472 | 726,777 |
| Housing: | | | |
| 1987 | 36,282 | 101,445 | 137,727 |
| 1986 | 58,554 | 41,772 | 100,326 |
| Recreation and Culture: | | | |
| 1987 | 148,372 | 81,378 | 229,750 |
| 1986 | 149,872 | 91,653 | 241,525 |
| Environment: | | | |
| 1987 | 63,132 | 130,419 | 193,551 |
| 1986 | 64,135 | 104,775 | 168,910 |
| Resource Conservation and Economic Development: | | | |
| 1987 | 1,588,947 | 93,622 | 1,682,569 |
| 1986 | 1,886,140 | 97,172 | 1,983,312 |
| Transportation and Utilities: | | | |
| 1987 | 582,689 | 815,021 | 1,397,710 |
| 1986 | 701,809 | 794,099 | 1,495,908 |
| Protection of Persons and Property: | | | |
| 1987 | 442,243 | 3,928 | 446,171 |
| 1986 | 399,388 | 8,214 | 407,602 |
| General Government: | | | |
| 1987 | 582,744 | 260,898 | 843,642 |
| 1986 | 431,559 | 226,470 | 658,029 |
| Valuation Adjustments: | | | |
| 1987 | 230,120 | — | 230,120 |
| 1986 | 357,725 | — | 357,725 |
| Total Expenditure: | | | |
| 1987 | \$11,086,487 | \$ 2,006,611 | \$13,093,098 |
| 1986 | \$10,909,194 | \$ 1,888,885 | \$12,798,079 |

PROVINCE OF ALBERTA

Schedule 1.11

DETAILS OF GUARANTEES

| | In thousands | |
|--|------------------|------------------|
| | 1987 | 1986 |
| Guaranteed Debentures (Note 1) | | |
| AEC Power Limited (Note 2(b)) | \$237,584 | \$210,139 |
| Vencap Equities Alberta Ltd. | <u>40,000</u> | <u>40,000</u> |
| | <u>277,584</u> | <u>250,139</u> |
| Guaranteed Bank and Credit | | |
| Union Loans (Note 1) | | |
| Students Loan Guarantee Act | 102,267 | 96,138 |
| Agricultural Development Act | 63,803 | 72,202 |
| Farm Credit Stability Fund Act | 62,992 | — |
| Small Business Term Assistance Fund Act | 60,904 | — |
| Agricultural Societies Act | 20,926 | 22,515 |
| Export program | 4,904 | 2,561 |
| Time Air Limited | 4,500 | 4,500 |
| Feeder associations | 3,632 | 1,906 |
| Small grain dealers program | 3,520 | 3,450 |
| Rural utilities loans | 2,271 | 2,507 |
| Edmonton Space Sciences Foundation | 1,150 | 1,383 |
| Farm implement dealers program | 1,078 | 726 |
| Alberta Opportunity Fund Act | 815 | 1,490 |
| Department of Culture Act | 697 | 700 |
| Irrigation Act | 400 | — |
| Regional Planning Commissions | 236 | 270 |
| Alberta School Trustees' Association Act | 55 | 164 |
| Pine Creek Marine Ltd. | 32 | — |
| Government Emergency Guarantee Act | 2 | 100 |
| AEC Power Limited | — | 34,994 |
| Co-operative marketing associations | — | 1,537 |
| Southern Frontier Air Transport Ltd. | — | — |
| and Southern Frontier Leasing Company Ltd. | — | 1,023 |
| Alberta livestock loans | — | 7 |
| Dreco Energy Services Ltd. | — | 7 |
| | <u>334,184</u> | <u>248,180</u> |
| Other Guarantees (Note 1) | | |
| Federal Loans: | | |
| Agricultural Societies Act | 17,002 | 17,484 |
| Mortgage Loans: | | |
| University of Alberta | 2,686 | 2,731 |
| Banff Centre for Continuing Education | 2,284 | 2,403 |
| University of Lethbridge | 2,203 | 2,214 |
| University of Calgary | 1,810 | 1,837 |
| | <u>25,985</u> | <u>26,669</u> |
| Grand Total (Note 2) | <u>\$637,753</u> | <u>\$524,988</u> |

- Note 1 Guarantees include principal borrowings only and exclude guaranteed interest, the amount of which is not determinable.
- Note 2 This amount excludes:
- (a) Any liability under:
 - the Local Authorities Pension Plan Act, the Members of the Legislative Assembly Pension Plan Act, the Public Service Management Pension Plan Act, the Public Service Pension Plan Act, the Special Forces Pension Plan Act, the Teachers' Retirement Fund Act and the Universities Academic Pension Plan Act
 - the long term disability income continuance plan
 - the international aid program
 - the Workers' Compensation Act.
 - (b) Any obligations of the Province relative to the Syncrude project other than the guarantee of \$237,584,000 included in the preceding summary.
 - (c) Any liability:
 - (1) under an agreement with the Credit Union Stabilization Corporation to indemnify and fund interest to the extent necessary on notes given by a subsidiary of the Corporation in exchange for up to \$350,000,000 in properties purchased from credit unions, and on \$335,000,000 of debentures issued by a subsidiary of the Corporation to credit unions in exchange for stabilization preferred shares of the credit unions.
 - (2) under an agreement with the Canada Deposit Insurance Corporation to indemnify the Corporation for loss occurring by reason of its obligation to make payment in respect of any deposit insured by a policy of deposit insurance issued to North West Trust Company, in consideration of which the Corporation paid an amount of \$277,801,000 to North West Trust Company, evidenced by a non-interest bearing promissory note endorsed to Treasury Branches without recourse to the Corporation.
 - (3) under an agreement to indemnify North West Trust Company for any loss in the event any of the payment or performance obligations of a company jointly owned by the Province and Treasury Branches are not paid or performed. The company was established to finance the purchase of mortgages and real estate from North West Trust Company and Heritage Savings and Trust Company, the operations of which were acquired by North West Trust Company. The main obligations of the company that are covered by the indemnity consist of a note payable to North West Trust Company in the amount of \$62,851,000 and a commitment to purchase up to an additional \$50,000,000 of certain assets of North West Trust Company, subject to the consent of the Province.
 - (4) under the Federal Provincial Employment Loans Program, 1971, whereby the Province guaranteed federal loans to municipalities made to finance the acceleration or enlargement of certain capital development projects with the object of stimulating growth in employment, particularly during the winter months. The estimated total of guaranteed loans outstanding under the program at March 31, 1987 was \$2,737,000 (1986 - \$3,081,000).
 - (5) of the Province under its guarantee that the contractual obligations of Rocky Mountain Life Insurance Company to the Company's policy holders will be met. At December 31, 1986 the excess of liabilities, excluding amounts due to the Province, over assets of Rocky Mountain Life Insurance Company was \$37,315,000 (1985 - \$2,418,000).
 - (6) for future claims on the Alberta General Insurance Company as a result of insurance business transacted to October 31, 1984 when the Company ceased active business operations.
 - (7) under section 27(6) of the Public Trustee Act which provides that the Province guarantees that the common fund together with the special reserve fund will be sufficient for the purpose of paying lawful claims that are payable out of the common fund. For the year ended December 31, 1986 the two funds earned \$342,000 less than distributions and administration costs of \$16,563,000 (1985 - \$1,659,000 in excess of distributions and administration costs of \$13,536,000). At December 31, 1986 the total retained earnings of the two funds together amounted to \$14,962,000 (1985 - \$15,304,000).
 - (d) Any potential liability of the Treasury Branches Deposits Fund under guarantees and letters of credit which amounted to \$350,456,000 at March 31, 1987 (1986 - \$389,838,000).

TRUST FUNDS UNDER ADMINISTRATION

| | In thousands | |
|--|--------------------|--------------------|
| | 1987 | 1986 |
| The Alberta Government Telephones Employees' Pension and Death Benefit Fund and Group Life Insurance Trust Account | \$ 692,392 | \$ 590,861 |
| Teachers' Retirement Fund | 404,222 | 366,846 |
| Public Trustee | 217,700 | 199,473 |
| Improvement Districts' Trust Account | 154,170 | 151,003 |
| Special Areas Trust Account | 47,116 | 44,984 |
| General Trust Account | 34,462 | 53,699 |
| Payroll Deductions Trust Account | 33,210 | 30,404 |
| Hospitals and Nursing Homes Construction Accounts | 27,819 | 45,300 |
| Various Courts and Sheriffs' Offices | 26,839 | 31,179 |
| Miscellaneous trust funds | 50,289 | 45,605 |
| | <u>\$1,688,219</u> | <u>\$1,559,354</u> |

SECTION 2

1986-87 PUBLIC ACCOUNTS

GENERAL REVENUE FUND - FINANCIAL STATEMENTS

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GENERAL REVENUE FUND - FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1987

Introduction:

Section 19(1) of the Financial Administration Act provides that "There shall be one General Revenue Fund to be appropriated to the public service of Alberta into which all public money shall be paid except

- (a) money over which the Legislature has no power of appropriation, and
- (b) money that is otherwise specially disposed of by this or any other Act".

Public money over which the Legislature has no power of appropriation is money paid in trust to the Province to be used for the purposes prescribed by the payer or settlor. Money otherwise specially disposed of by legislation represents fees or other revenues directed by legislation to be paid into a regulated fund to be used for special purposes. All other public money is paid into the General Revenue Fund.

Expenditures are made from the General Revenue Fund on the authority of supply votes approved by the Legislature, including special warrants ordered by the Lieutenant Governor in Council which are deemed to be supply votes. These expenditures are reported in the General Revenue Fund financial statements as budgetary expenditure - voted appropriations.

Expenditure may be made from the General Revenue Fund on the authority of legislation which may direct the transfer of revenue to another fund, shown in the financial statements as a reduction of budgetary revenue; or which directs certain types of expenditure which are disclosed as budgetary expenditure -statutory appropriations.

The term "Budgetary" is used to describe revenue or expenditure that affects General Revenue Fund "Net Debt". Non-budgetary transactions affect financial claims or liabilities recorded in the General Revenue Fund Statement of Reported Assets, Liabilities and Net Debt but do not change the "Net Debt" or deficit position.

GENERAL REVENUE FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Statement of Reported Assets, Liabilities and Net Debt
Statement of Budgetary Revenue and Expenditure
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedules to the Financial Statements

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the statement of reported assets, liabilities and net debt of the General Revenue Fund of the Province of Alberta as at March 31, 1987 and the statements of budgetary revenue and expenditure and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the General Revenue Fund of the Province of Alberta as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
October 30, 1987

C.A.
Auditor General

GENERAL REVENUE FUND
STATEMENT OF REPORTED ASSETS,
LIABILITIES AND NET DEBT
MARCH 31, 1987

| Schedule No. | | In thousands | |
|--------------|--|---------------------|---------------------|
| | | 1987 | 1986 |
| | ASSETS | | |
| 2.1 | Cash and marketable securities | \$ 198,664 | \$ 555,921 |
| 2.2 | Accounts receivable | 579,049 | 699,269 |
| 2.3 | Long-term investments | 92,673 | 60,031 |
| 2.4 | Loans and advances to government enterprises | 359,442 | 502,316 |
| 2.5 | Loans and advances - other | 84,445 | 98,914 |
| | | <u>\$ 1,314,273</u> | <u>\$ 1,916,451</u> |
| | LIABILITIES AND NET DEBT | | |
| | Liabilities: | | |
| 2.6 | Accounts and loans payable | \$ 678,780 | \$ 943,323 |
| 2.7 | Unearned revenue and suspense | 36,740 | 41,850 |
| 2.8 | Unmatured debt | 3,232,429 | 124,545 |
| | | <u>3,947,949</u> | <u>1,109,718</u> |
| | Net Debt: | | |
| | Net assets at beginning of year | 806,733 | 1,264,934 |
| | Budgetary deficit - Statement No. 2.2 | 3,440,409 | 458,201 |
| | Net debt (assets) at end of year | <u>2,633,676</u> | <u>(806,733)</u> |
| | | <u>\$ 1,314,273</u> | <u>\$ 1,916,451</u> |
| 2.17 | Guarantees | \$ 735,899 | \$ 467,123 |

The accompanying notes are part of these financial statements.

GENERAL REVENUE FUND
STATEMENT OF BUDGETARY REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1987

| | In thousands | | |
|--|--------------|--------------|--------------|
| | 1987 | | 1986 |
| | Budget (a) | Actual | Actual |
| Budgetary revenue: | | | |
| General revenue: | | | |
| Taxes | \$ 2,717,000 | \$ 2,351,252 | \$ 2,573,046 |
| Non-renewable resource revenue | 2,243,000 | 1,385,746 | 3,644,021 |
| Payments from Government of Canada | 1,154,000 | 1,234,194 | 1,231,708 |
| Fees, permits and licences | 189,000 | 183,178 | 185,576 |
| Trading profits | 331,000 | 327,197 | 324,218 |
| Other revenue | 214,000 | 241,796 | 247,827 |
| | 6,848,000 | 5,723,363 | 8,206,396 |
| Heritage Fund investment income | 1,460,000 | 1,444,906 | 1,666,863 |
| | 8,308,000 | 7,168,269 | 9,873,259 |
| Budgetary expenditure: | | | |
| Health | 2,618,780 | 2,600,434 | 2,572,034 |
| Education | 2,478,943 | 2,472,089 | 2,369,903 |
| Social services | 1,218,809 | 1,277,332 | 1,155,525 |
| Regional planning and development | 310,243 | 287,167 | 272,963 |
| Housing | 271,093 | 240,075 | 260,491 |
| Recreation and culture | 197,332 | 188,304 | 177,867 |
| Environment | 163,739 | 130,096 | 113,797 |
| Resource conservation and economic development | 1,232,292 | 1,023,043 | 1,001,684 |
| Transportation and utilities | 1,026,821 | 1,001,649 | 1,068,756 |
| Protection of persons and property | 438,568 | 440,256 | 402,033 |
| General government | 722,129 | 676,429 | 617,568 |
| Debt servicing costs | 203,000 | 184,912 | 35,782 |
| | 10,881,749 | 10,521,786 | 10,048,403 |
| Voted appropriations | 10,573,013 | 10,269,801 | 9,974,684 |
| Statutory appropriations | 308,736 | 251,985 | 73,719 |
| | 10,881,749 | 10,521,786 | 10,048,403 |
| Valuation adjustments | 50,000 | 86,892 | 283,057 |
| | 10,931,749 | 10,608,678 | 10,331,460 |
| Budgetary deficit | \$ 2,623,749 | \$ 3,440,409 | \$ 458,201 |

(a) Budgetary expenditure - voted appropriations includes estimates of \$3,034,000 and supplementary estimates of \$125,000,000 not included in the 1986 Budget Address Update.

GENERAL REVENUE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | In thousands | | 1986 |
|--|---------------------|--------------------|-------------------|
| | 1987 | | |
| | Budget | Actual | Actual |
| Operating transactions: | | | |
| Budgetary deficit | \$ 2,623,749 | \$ 3,440,409 | \$ 458,201 |
| Add (deduct) non-cash items: | | | |
| Amortization of discount on investments and debt, net | — | (81,284) | 360 |
| Amortization of deferred realized gains and losses on sinking fund investments | — | 190 | 83 |
| Earnings (loss) on investments valued at equity | — | (1,673) | 1,297 |
| Amortization of deferred unrealized exchange gains and losses on debt payable in United States dollars | — | 7,480 | (909) |
| Increase in provision for doubtful accounts and loans | (50,000) | (84,363) | (41,049) |
| Write-off of long-term investments | — | (10,000) | (203,107) |
| Decrease in receivables | — | (104,093) | (305,122) |
| Decrease (increase) in payables | — | 264,543 | (21,661) |
| Decrease in unearned revenue and suspense | — | 5,110 | 7,388 |
| Cash applied to (provided by) operating transactions | <u>2,573,749</u> | <u>3,436,319</u> | <u>(104,519)</u> |
| Investing transactions: | | | |
| Purchase of long-term investments | 29,686 | 45,759 | 105,653 |
| Loans and advances: | | | |
| Government enterprises | 90,750 | 80,232 | 227,373 |
| Other | 23,510 | 94,092 | 103,013 |
| Disposals, repayments and redemptions of long-term investments | — | (1,444) | (64) |
| Repayments of loans and advances: | | | |
| Government enterprises | (56,374) | (223,467) | (82,711) |
| Other | (4,209) | (39,964) | (3,469) |
| Cash applied to (provided by) investing transactions | <u>83,363</u> | <u>(44,792)</u> | <u>349,795</u> |
| Financing transactions: | | | |
| Issue of: | | | |
| Debentures | — | (691,700) | — |
| Treasury bills | — | (2,401,260) | — |
| Promissory notes | — | (7,621,478) | (969,841) |
| Notes payable in United States dollars | — | (1,532,281) | — |
| Debt retirement: | | | |
| Redemption of: | | | |
| Treasury bills | — | 1,800,000 | 239,427 |
| Promissory notes | — | 7,249,700 | 990,980 |
| Notes payable in United States dollars | — | 199,692 | — |
| Sinking fund | — | 15,531 | 15,140 |
| Deferred realized gains/losses on sinking fund investments | — | (639) | (849) |
| Deferred unrealized gains and losses on debt payable in United States dollars | — | (51,835) | — |
| Cash applied to (provided by) financing transactions | <u>—</u> | <u>(3,034,270)</u> | <u>274,857</u> |
| Decrease in cash and marketable securities | <u>\$ 2,657,112</u> | <u>\$ 357,257</u> | <u>\$ 520,133</u> |

GENERAL REVENUE FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1987

Note 1 Authority

The General Revenue Fund operates under the authority of section 19 of the Financial Administration Act, Chapter F-9, Revised Statutes of Alberta 1980, as amended.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies:

(a) Reporting entity

The reporting entity is the General Revenue Fund. Activities of Provincial agencies and regulated funds are reported only to the extent of advances made from or repaid to the General Revenue Fund, contributions from the General Revenue Fund to cover expenses or operating deficits and repayments of contributions in excess of current requirements. Financial claims of and on revolving funds are included in the General Revenue Fund statements and the net funds required to finance revolving fund operations have been charged to budgetary expenditure.

(b) Basis of financial reporting

Revenues

Budgetary revenues are reported on an accrual basis except for net personal and corporate income taxes which are reported on a cash basis. Non-renewable resource revenue includes an estimate of revenue receivable from certain categories of resource royalty payers as well as various adjustments applicable to prior years. As the need for adjustment of this revenue is identified in future years, the adjustment will be reflected in revenue of those years.

Expenditures

Expenditures represent the cost of goods and services acquired during the year and expenditures made or accrued in accordance with the conditions of approved grant programs, including capital acquisitions, expenditures on capital programs and grants for capital purposes.

Pension costs are reported on a current contributions basis and no provision is made for actuarial estimates of additional annual costs.

No provision is made for accrued employee vacation entitlements, sick leave and long term disability benefits.

Reported assets and liabilities

Reported assets are limited to financial claims due to the General Revenue Fund and revolving funds as a result of events and transactions prior to March 31, 1987 except that net personal and corporate income taxes receivable are not reported.

Liabilities include all financial claims payable by the General Revenue Fund and revolving funds at March 31, 1987. No provision is made for actuarial estimates of liabilities in respect of the present or future benefits payable under Pension Plan Acts with benefits directly chargeable to or guaranteed by the Province, accrued employee vacation entitlements, sick leave and long term disability benefits, amounts payable under the Alberta Income Tax Act, the Alberta Corporate Income Tax Act, commitments under construction or other contracts and agreements at the year end, including capital equipment leases.

Marketable securities are valued at cost or market value, whichever is lower, on an aggregate basis.

Long-term investments are recorded at cost, except for investments in wholly owned Provincial corporations operated as commercial enterprises which are valued on an equity basis.

Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Sinking fund investments are carried at adjusted cost which includes deferred unamortized realized gains and losses. Realized gains and losses on disposals of sinking fund investments are considered to be an adjustment of future portfolio yield and are deferred and amortized on a straight line basis over the lesser of the remaining term to maturity of the investment disposed of or ten years.

Debentures included in unmaturing debt are recorded at the face amount of the issue less unamortized discount, which includes issue expenses, and sinking fund assets where applicable. Promissory notes and Treasury bills are reported at issue principal less unamortized discount, where applicable. Debt denominated in United States dollars is translated at the exchange rate in effect at the reporting date. Exchange differences are amortized over the remaining term of the debt.

Consistent with the reporting of capital acquisitions as expenditure, fixed assets are not reported.

Note 3 Pension Liabilities and Commitments

Pension receipts and pension payments are recorded initially in the General Revenue Fund and subsequently transferred to the Pension Fund, pursuant to section 5 of the Pension Fund Act. Details of the net amount transferred to the Pension Fund during the year ended March 31, 1987 are shown in Schedule 2.16. The Pension Fund Act provides that payments in excess of Pension Fund net assets are to be charged to the General Revenue Fund. Pension Fund net assets at March 31, 1987 amounted to \$3,498,128,000 (1986 - \$3,010,701,000).

Actuarial valuations of the following Pension Acts were carried out at March 31, 1985 and estimated accrued liabilities were as undernoted.

| | |
|---|------------------------|
| Local Authorities Pension Act | \$2,684,007,000 |
| M.L.A. Pension Act | 30,215,000 |
| Public Service Management Pension Act | 904,734,000 |
| Public Service Pension Act | 1,654,033,000 |
| Special Forces Pension Act | 389,281,000 |
| Universities Academic Pension Act | 780,944,000 |
| Total liability | 6,443,214,000 |
| Less Pension Fund balance at March 31, 1985 | 2,563,435,000 |
| Unfunded accrued liability | <u>\$3,879,779,000</u> |

The above figures were estimated by calculating the present value, at March 31, 1985, of benefits that accrued in respect of service to that date. The valuations were based on a common set of economic assumptions, including rate of salary increases due to inflation, interest rates and rates of discretionary cost of living increases for present and future retired members. Some of the demographic assumptions used in estimating the above liabilities, including termination, retirement, and salary increases due to promotion and merit, varied from plan to plan according to the particular characteristics of each plan.

Under provisions of the Teachers' Retirement Fund Act, payment of all benefits is guaranteed by the Province of Alberta. An actuarial valuation at August 31, 1986 indicated that Teachers' Retirement Fund assets were insufficient by an amount of approximately \$2,138,000,000 to meet the liabilities of the fund. The actuarial valuation was based on a different set of assumptions to those used for the above Pension Acts. A separate actuarial valuation at August 31, 1986 based on the same economic assumptions and actuarial cost method as used for the above Pension Acts indicated that Teachers' Retirement Fund assets were insufficient by an amount of approximately \$2,585,000,000 to meet the liabilities of the fund. When preparing the latter valuation, the consulting actuary estimated that the unfunded accrued liability would amount to approximately \$2,745,000,000 at March 31, 1987.

The Province of Alberta has an obligation to pay from the General Revenue Fund to the Workers' Compensation Board the costs of additional amounts of compensation for permanent total disability or permanent partial disability in respect of accidents which occurred prior to January 1, 1974. The Board determined that the actuarial liability arising from those increases amounted to approximately \$208,000,000 at March 31, 1987.

Prior to April 1, 1986, all costs incurred by the Workers' Compensation Board relative to work-related accidents to provincial employees were reimbursed by the Province of Alberta. From that date the Province has been assessed premiums based on its salaries, job classifications and experience. The Board determined that the actuarial liability arising from those accidents which occurred prior to April 1, 1986 amounted to approximately \$38,000,000 at March 31, 1987.

Note 4 Contingent Liabilities

The Province has a contingent liability in respect of a statement of claim issued on February 19, 1982. The plaintiffs are the members of the Lubicon Lake Band and the Cree Community of Little Buffalo Lake. The defendants are the Province of Alberta and a number of oil companies. The plaintiffs claim entitlement to at least 60 square miles of land in Northwestern Alberta as a reserve. They are also claiming \$700,000,000 in lieu of royalties and revenues, or alternatively a reserve of 60 square miles including mines and minerals together with \$200,000,000 damages, and interest on all amounts.

The Province has a contingent liability in respect of a statement of claim filed by eight Metis Settlement Associations. On February 2, 1977 it was contended that the Province had received approximately \$30,000,000 from the sale, lease or rental, royalties and fees from the petroleum and natural gas rights on certain lands and that the Associations were entitled to the aforesaid monies as well as all monies thereafter accruing from these petroleum and natural gas rights.

The Province also has a contingent liability in respect of five other native land or mineral rights claims in which the amounts claimed are unspecified.

At March 31, 1987 the Province was named as defendant in various legal actions in addition to those noted above. The total claimed in specific legal actions amounts to approximately \$130,460,000.

The resulting loss, if any, from these claims cannot be determined.

The Province has a contingent liability to return to Indian Bands its share of oil export tax relating to the period October 1, 1973 to March 31, 1974 in respect of oil production from Indian lands. The Province is committed to return its share of oil export tax, which amounts to approximately \$4,650,000, if the federal government makes a similar decision in respect of its share.

Details of guarantees are shown in Schedule 2.17.

No provision has been made in the financial statements for contingent liabilities resulting from litigation and guarantees.

GENERAL REVENUE FUND

Note 5 Alberta Capital Fund Debt

The Alberta Capital Fund was established during the year to fund the building of hospitals, universities, colleges and other capital projects previously funded from the General Revenue Fund. The Alberta Capital Fund's requirements for debt retirement are funded by contributions from the General Revenue Fund over a period of years based on amortization of the capital cost of construction projects financed by expenditures made from the Alberta Capital Fund. At March 31, 1987 the net debt of the Alberta Capital Fund was \$256,403,000.

Note 6 Exploratory Drilling Assistance Credits

During the year ended March 31, 1987 the Minister of Energy established exploratory drilling assistance credits amounting to \$216,999,000 that may be applied in satisfaction of royalty owing to the Crown in respect of petroleum or natural gas recovered after March 31, 1987. No provision has been made in the financial statements for exploratory drilling assistance credits as they can only be applied against the payment of royalty accruing after March 31, 1987.

Note 7 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to the 1987 presentation.

Note 8 Approval of Financial Statements

These financial statements were approved by the Deputy Provincial Treasurer - Management and Control and the Acting Controller.

GENERAL REVENUE FUND
SCHEDULES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1987

CASH AND MARKETABLE SECURITIES

| | In thousands | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 1987 | | 1986 | |
| | Cost | Market Value | Cost | Market Value |
| Bonds: | | | | |
| Board of Governors of the University of Alberta | \$ 4,991 | \$ 5,056 | \$ 5,047 | \$ 5,070 |
| Municipal | 2,457 | 2,069 | 2,689 | 2,253 |
| School districts and divisions | 91 | 89 | 388 | 360 |
| Corporate | 6,142 | 6,164 | 7,371 | 7,273 |
| Province of Alberta, direct and guaranteed | — | — | 265,062 | 291,423 |
| Other provinces, direct and guaranteed | — | — | 34,844 | 34,188 |
| | <u>13,681</u> | <u>13,378</u> | <u>315,401</u> | <u>340,567</u> |
| Long-term promissory notes | 5,915 | 9,915 | 7,131 | 7,127 |
| Shares | 5,412 | 5,452 | 5,169 | 5,166 |
| Mortgages | — | — | 9,183 | 10,112 |
| | <u>25,008</u> | <u>28,745</u> | <u>336,884</u> | <u>362,972</u> |
| Short-term money market securities: | | | | |
| Certificates of deposit | — | — | 25,000 | 25,000 |
| Royalty oil (a) | <u>78,722</u> | <u>78,722</u> | <u>14,817</u> | <u>14,817</u> |
| Cash: | | | | |
| Cash in bank and in transit | 4,405 | 4,405 | (114,371) | (114,371) |
| Deposits in Consolidated Cash | | | | |
| Investment Trust Fund | <u>90,529</u> | <u>90,529</u> | <u>293,591</u> | <u>293,591</u> |
| | <u>94,934</u> | <u>94,934</u> | <u>179,220</u> | <u>179,220</u> |
| | <u>\$ 198,664</u> | <u>\$ 202,401</u> | <u>\$ 555,921</u> | <u>\$ 582,009</u> |

(a) Represents the net realizable value of the Crown's royalty share of oil in pipelines at the year end.

ACCOUNTS RECEIVABLE

| | In thousands | |
|--|------------------|------------------|
| | 1987 | 1986 |
| Government of Canada | \$ 44,208 | \$ 49,626 |
| Miscellaneous departmental accounts | 511,323 | 614,817 |
| Revolving fund accounts | 37,182 | 58,205 |
| Less: Intragovernmental accounts | (24,450) | (38,298) |
| Alberta Mortgage and Housing Corporation | 16,148 | 35,570 |
| Alberta Heritage Savings Trust Fund | 20,089 | — |
| Health Care Insurance Fund | 12,409 | — |
| Accrued interest receivable | <u>20,140</u> | <u>28,349</u> |
| | <u>637,049</u> | <u>748,269</u> |
| Less: Allowance for doubtful accounts | <u>58,000</u> | <u>49,000</u> |
| | <u>\$579,049</u> | <u>\$699,269</u> |

GENERAL REVENUE FUND

Schedule 2.3

LONG-TERM INVESTMENTS

| | In thousands | |
|---|------------------|------------------|
| | 1987 | 1986 |
| Sturdi-Wood Inc. Class B preferred shares | \$ 25,200 | \$ 4,600 |
| Chembiomed Ltd. preferred shares | 11,269 | 3,369 |
| General Systems Research Ltd. | | |
| Class A preferred shares | 7,500 | — |
| Global Thermoelectric Power Systems Ltd. | | |
| preferred shares | 3,808 | 3,808 |
| Native Venture Capital Co. Ltd. | | |
| Class A common shares | 10 | 10 |
| Class B common shares | 10 | 10 |
| Class A preferred shares | 1,980 | 1,980 |
| Myrias Research Corporation preferred shares | | 1,578 |
| Norstar Instruments Ltd. series A preferred shares | 1,000 | 600 |
| Teknica Resource Development Ltd. | | |
| Class X preferred shares | 1,000 | — |
| Tomotechnology Inc. Class A shares | 625 | — |
| D & S Knowledge Systems Inc. Class G preferred shares | 234 | — |
| Alberta Municipal Financing Corporation | | |
| Class A shares | 45 | 45 |
| General Systems Research Ltd. non-interest bearing participating debenture | — | 2,500 |
| Pacific Western Airlines Corporation common shares | — | 1,444 |
| Total at cost | <u>54,259</u> | <u>19,944</u> |
| Alberta Intermodal Services Ltd. common shares (a) | 18,137 | 20,378 |
| Alberta Terminals Ltd. common shares (b) | <u>20,277</u> | <u>19,709</u> |
| Total at equity | <u>38,414</u> | <u>40,087</u> |
| | <u>\$ 92,673</u> | <u>\$ 60,031</u> |

(a) The investment in Alberta Intermodal Services Ltd., representing 100% of the outstanding voting shares, is valued at equity, being cost adjusted for post acquisition operating results. Equity at March 31, 1987 represents cost \$20,000,000 less accumulated deficit at December 31, 1986 of \$1,863,000 (1986 - cost of \$20,000,000 plus retained earnings of \$378,000).

(b) The investment in Alberta Terminals Ltd., representing 100% of the outstanding voting shares, is valued at equity, being cost adjusted for post acquisition operating results. Equity at March 31, 1987 represents cost \$17,528,000 plus retained earnings at July 31, 1986 of \$2,749,000 (1986 - cost of \$17,528,000 plus retained earnings of \$2,181,000).

Schedule 2.4

LOANS AND ADVANCES TO GOVERNMENT ENTERPRISES

| | In thousands | |
|---|------------------|------------------|
| | 1987 | 1986 |
| Alberta Mortgage and Housing Corporation | \$290,833 | \$290,833 |
| Rural Electrification Revolving Fund | 59,923 | 53,431 |
| Alberta Hail and Crop Insurance Corporation | 25,290 | 164,657 |
| Alberta Resources Railway Corporation | 8,440 | 8,794 |
| Motion Picture Development Fund | 3,000 | 3,000 |
| Students Loan Fund | 243 | 261 |
| Public Trustee | 24 | 24 |
| Homestead Lease Loan Fund | 8 | 8 |
| Alberta Petroleum Marketing Commission | — | 10,000 |
| | <u>387,761</u> | <u>531,008</u> |
| Less: Allowance for doubtful loans and advances | <u>28,319</u> | <u>28,692</u> |
| | <u>\$359,442</u> | <u>\$502,316</u> |

LOANS AND ADVANCES - OTHER

| | In thousands | |
|--|------------------|------------------|
| | 1987 | 1986 |
| Credit Union Stabilization Corporation | \$130,708 | \$ 93,107 |
| Accountable advances | 18,682 | 19,799 |
| Advances under the Municipal Land Loans Act - cities | 13,053 | 14,523 |
| Rocky Mountain Life Insurance Company | 9,478 | — |
| Synchrude Canada Limited | 9,362 | — |
| Chembiomed Ltd. | 3,705 | 5,205 |
| Airport terminal costs recoverable from the Government of Canada | 3,573 | 3,667 |
| Global Thermoelectric Power Systems Ltd. | 3,425 | 3,425 |
| University of Alberta Students' Union | 2,245 | 2,361 |
| University of Calgary Students' Union | 1,254 | 1,312 |
| Alberta Stock Exchange | 800 | 574 |
| Judgement debts | 797 | 939 |
| Canadian Co-operative Implements Limited | 788 | 3,150 |
| Dial-Guard Ltd. | 399 | — |
| Advances under the Cemeteries Act | 85 | 85 |
| Alberta Union of Rural Electrification Associations Co-operative Ltd. | 80 | 100 |
| Guarantees Implemented: | | |
| Co-operative marketing associations | 1,483 | 19 |
| Rural gas co-operatives | 1,181 | 1,129 |
| Feeder associations | 722 | 772 |
| Agricultural Societies Act | 194 | 212 |
| Export program | 172 | 964 |
| Farm implement dealers program | 147 | — |
| Agricultural development loans | 57 | 77 |
| Cow-calf producers' advances | 40 | 56 |
| Alberta livestock loans | 19 | 35 |
| Miscellaneous | 3 | 3 |
| | 202,452 | 151,514 |
| Less: Allowance for doubtful loans and advances | 118,007 | 52,600 |
| | <u>\$ 84,445</u> | <u>\$ 98,914</u> |

Schedule 2.6

ACCOUNTS AND LOANS PAYABLE

| | In thousands | |
|---|------------------|------------------|
| | 1987 | 1986 |
| Departmental accounts payable general | \$493,057 | \$558,612 |
| Less: Intragovernmental accounts | (24,450) | (38,298) |
| Revolving fund accounts payable | 17,291 | 34,972 |
| Government of Canada: | | |
| Excess hospital insurance payments | 16,619 | — |
| Excess post-secondary education advances | 7,160 | — |
| Lesser Slave Lake project loans | 3,054 | 3,255 |
| Other | 88 | 63,790 |
| Pension Fund | 30,190 | 31,420 |
| Alberta Petroleum Incentives Program Fund | 29,558 | 255,031 |
| Utility Companies Income Tax Rebates Fund | 21,538 | 16,934 |
| Alberta Capital Fund | 17,312 | — |
| Farm Credit Stability Fund | 14,020 | — |
| Small Business Term Assistance Fund | 4,735 | — |
| Alberta Mortgage and Housing Corporation | 4,604 | 4,731 |
| Accrued interest on unmatured debt | 43,686 | 7,222 |
| Other loans | 128 | 167 |
| Unclaimed dividends | 190 | 192 |
| Alberta Heritage Savings Trust Fund | — | 5,295 |
| | <u>\$678,780</u> | <u>\$943,323</u> |

GENERAL REVENUE FUND

Schedule 2.7

UNEARNED REVENUE AND SUSPENSE

| | In thousands | |
|--|-----------------|-----------------|
| | 1987 | 1986 |
| Unearned Revenue: | | |
| Cash on hand or in transit in respect of revenue of the next fiscal year | \$35,734 | \$41,165 |
| Suspense: | | |
| Cash on hand or in transit which will be disbursed to other funds, refunded or credited to revenue of the next fiscal year | 1,006 | 685 |
| | <u>\$36,740</u> | <u>\$41,850</u> |

Schedule 2.8

UNMATURED DEBT

| | | | | | In thousands | | |
|--|------------------|---------------|----------|-----------------------|---|--------------------|------------------|
| | | | | | Deduct Sinking Fund Assets (Schedule 2.9) | Net Unmatured Debt | |
| Date of Issue | Date of Maturity | Interest Rate | Currency | Principal Outstanding | | 1987 | 1986 |
| Debentures (a): | | | | | | | |
| Canada Pension Plan Investment Fund (b) | | | | | | | |
| Jul. 4, 1972 | Jul. 4, 1992 | 7.45% | C. | \$ 9,107 | \$ 6,082 | \$ 3,025 | \$ 3,935 |
| Aug. 1, 1972 | Aug. 1, 1992 | 7.49 | C. | 7,520 | 4,986 | 2,534 | 3,272 |
| Sep. 1, 1972 | Sep. 1, 1992 | 7.50 | C. | 8,402 | 5,534 | 2,868 | 3,677 |
| Oct. 2, 1972 | Oct. 2, 1992 | 7.49 | C. | 5,724 | 3,752 | 1,972 | 2,534 |
| Nov. 1, 1972 | Nov. 1, 1992 | 7.51 | C. | 5,947 | 3,872 | 2,075 | 2,653 |
| Dec. 1, 1972 | Dec. 1, 1992 | 7.38 | C. | 5,484 | 3,564 | 1,920 | 2,458 |
| Other | | | | | | | |
| Dec. 2, 1968 | Dec. 2, 1988 | 7 1/2 | C. | 12,500(c) | 10,365 | 2,135 | 3,556 |
| Apr. 15, 1970 | Apr. 15, 1990 | 8 7/8 | C. | 3,000 | 2,296 | 704 | 1,017 |
| Nov. 16, 1970 | Nov. 16, 1990 | 8 3/4 | C. | 35,000 | 25,905 | 9,095 | 12,760 |
| Jun. 15, 1971 | Jun. 15, 1991 | 8 1/8 | C. | 25,000 | 17,852 | 7,148 | 9,722 |
| Jun. 18, 1986 | Jun. 18, 1991 | 9.0 | C. | 700,000 | — | 700,000 | — |
| Oct. 15, 1971 | Oct. 15, 1991 | 7 7/8 | C. | 50,000 | 34,934 | 15,066 | 20,114 |
| Mar. 31, 1972 | Mar. 31, 1992 | 6.9 | C. | 4,000(d) | 2,707 | 1,293 | 1,690 |
| Dec. 1, 1967 | Dec. 1, 1992 | 7.0 | C. | 20,000(c) | 17,474 | 2,526 | 4,841 |
| Mar. 1, 1969 | Mar. 1, 1994 | 7 1/2 | U.S. | 39,153(e) | 32,004 | 7,149 | 12,316 |
| | | | | <u>930,837</u> | <u>171,327</u> | <u>759,510</u> | <u>84,545</u> |
| Less: | | | | | | | |
| Unamortized discount | | | | 7,410 | — | 7,410 | — |
| Deferred unamortized exchange losses | | | | 1,938 | — | 1,938 | — |
| | | | | <u>\$ 921,489</u> | <u>\$ 171,327</u> | <u>750,162</u> | <u>84,545</u> |
| Promissory notes: | | | | | | | |
| Various | Various | Various | C. | | | 459,000 | 40,000 |
| Various | Various | Various | U.S. | | | 358,895(f) | — |
| Dec. 9, 1986 | Dec. 9, 1991 | 7.375% | U.S. | | | 326,275(g) | — |
| Dec. 11, 1986 | Dec. 11, 1993 | (h) | U.S. | | | 652,550(i) | — |
| | | | | | | 1,796,720 | 40,000 |
| Less unamortized discount | | | | | | 12,805 | — |
| | | | | | | 1,783,915 | 40,000 |
| Deferred unamortized exchange gains | | | | | | 53,773 | — |
| | | | | | | 1,837,688 | 40,000 |
| Treasury bills | | | | | | 650,000 | — |
| Less unamortized discount | | | | | | 5,421 | — |
| | | | | | | 644,579 | — |
| | | | | | | <u>\$3,232,429</u> | <u>\$124,545</u> |

(a) All debentures are callable.

(b) Debentures held by the Canada Pension Plan Investment Fund are redeemable at the option of the Minister of Finance of Canada by giving six months notice in writing to the Provincial Treasurer and observing the other redemption provisions of the debentures.

(c) Alberta Universities Commission debentures.

(d) Federal-Provincial Special Development Loans Program debentures.

(e) U.S. \$30,000,000.

(f) U.S. \$270,790,000.

(g) U.S. \$250,000,000.

(h) Interest rate floats at 0.03125% above the London interbank offered rate for six month Eurodollar deposits.

(i) U.S. \$500,000,000.

Abbreviations: C. - Canada; U.S. - United States of America

PROVINCIAL SINKING FUND

| | In thousands | |
|--|------------------|------------------|
| | 1987 | 1986 |
| Investment income before the undernoted | \$ 17,446 | \$ 16,138 |
| Amortization of deferred realized gains and losses | 190 | 83 |
| Investment income | 17,636 | 16,221 |
| Contributions received | 4,633 | 4,679 |
| Balance at beginning of year | 149,058 | 128,158 |
| Balance at end of year | <u>\$171,327</u> | <u>\$149,058</u> |
| Consisting of: | | |
| Investments: | | |
| Bonds and debentures: | | |
| Province of Alberta, direct | \$ 68,443 | \$ 59,719 |
| Province of Alberta, guaranteed | 975 | 961 |
| Other provinces, direct and guaranteed | 6,311 | 3,950 |
| Government of Canada, direct | 18,338 | 20,983 |
| Government of the United States of America, direct | 5,264 | 6,062 |
| Corporate | 2,660 | 2,637 |
| Bond coupons and residuals: | | |
| Government of Canada, direct | 51,464 | 41,511 |
| Government of the United States of America, direct | 2,719 | 1,854 |
| Mid-term money market securities: | | |
| Promissory notes | 2,535 | — |
| Deferred unamortized realized gains and losses | 381 | 829 |
| | <u>159,090</u> | <u>138,506</u> |
| Cash and deposits in the Consolidated Cash Investment Trust Fund | 8,967 | 7,510 |
| Accrued interest receivable | 3,270 | 3,042 |
| | <u>\$171,327</u> | <u>\$149,058</u> |

Schedule 2.10

BUDGETARY REVENUE

| | In thousands | |
|---|------------------|------------------|
| | 1987 | 1986 |
| | Budget | Revenue |
| Taxes: | | Revenue |
| Personal income tax | \$1,722,000 | \$1,768,092 |
| Corporate income tax | 700,000 | 321,483 |
| Freehold mineral rights tax | 141,000 | 96,292 |
| Tobacco tax | 98,000 | 109,941 |
| Insurance corporations tax | 40,000 | 39,534 |
| Other taxes | 16,000 | 15,910 |
| | <u>2,717,000</u> | <u>2,351,252</u> |
| Non-Renewable Resource Revenue: | | |
| Gross non-renewable resource revenue | 2,648,000 | 1,603,894 |
| Allocation to Alberta Heritage Savings Trust Fund (a) | (405,000) | (218,148) |
| | <u>2,243,000</u> | <u>1,385,746</u> |
| Payments from Government of Canada: | | |
| Canada assistance plan | 380,000 | 416,712 |
| Hospital insurance | 361,000 | 349,345 |
| Post-secondary education | 203,000 | 200,207 |
| Extended health care | 106,000 | 106,308 |
| Training of manpower | 40,000 | 41,919 |
| Other | 64,000 | 119,703 |
| | <u>1,154,000</u> | <u>1,234,194</u> |
| | | <u>1,231,708</u> |

GENERAL REVENUE FUND

Schedule 2.10 (cont'd)

| | In thousands | | |
|---------------------------------|--------------------|--------------------|--------------------|
| | 1987 | | 1986 |
| | Budget | Revenue | Revenue |
| Fees, Permits and Licences: | | | |
| Motor vehicle licences | \$ 82,000 | \$ 81,818 | \$ 82,325 |
| Land titles | 22,000 | 19,357 | 20,658 |
| Timber rentals and fees | 16,000 | 19,061 | 17,038 |
| Other | 69,000 | 62,942 | 65,555 |
| | <u>189,000</u> | <u>183,178</u> | <u>185,576</u> |
| Trading Profits: | | | |
| Alberta Liquor Control Board | 330,000 | 311,000 | 314,500 |
| Other | 1,000 | 16,197 | 9,718 |
| | <u>331,000</u> | <u>327,197</u> | <u>324,218</u> |
| Other Revenue: | | | |
| Investment income | 85,000 | 96,318 | 119,950 |
| Miscellaneous | 129,000 | 145,478 | 127,877 |
| | <u>214,000</u> | <u>241,796</u> | <u>247,827</u> |
| Total general revenue | 6,848,000 | 5,723,363 | 8,206,396 |
| Heritage Fund investment income | 1,460,000 | 1,444,906 | 1,666,863 |
| Total revenue | <u>\$8,308,000</u> | <u>\$7,168,269</u> | <u>\$9,873,259</u> |

(a) The following table shows how the allocation of non-renewable resource revenue to the Alberta Heritage Savings Trust Fund for the fiscal years ended March 31, 1986 and 1987 was calculated. The table includes an analysis of the allocation and a reconciliation to the transfer reported by the Alberta Heritage Savings Trust Fund.

| | In thousands | |
|--|--------------------|--------------------|
| | 1987 | 1986 |
| Gross non-renewable resource revenue: | | |
| Crude oil royalty | \$ 996,710 | \$2,533,673 |
| Natural gas and by-products royalty | 1,097,180 | 1,805,935 |
| Synthetic crude oil and bitumen royalty | 11,960 | 220,868 |
| Coal royalty | 7,107 | 10,928 |
| Rentals and fees | 81,220 | 91,184 |
| Bonuses and sales of Crown leases | 291,948 | 724,418 |
| Drilling, well servicing and geophysical incentives | (169,157) | (44,192) |
| Royalty tax credit | (425,126) | (410,779) |
| Allocations to: | | |
| Alberta Petroleum Incentives Program Fund | (231,140) | (490,760) |
| Natural Gas Rebates Fund | (56,808) | (131,063) |
| | <u>1,603,894</u> | <u>4,310,212</u> |
| Add back: | | |
| Allocation to Natural Gas Rebates Fund | 56,808 | 131,063 |
| Net non-renewable resource revenue before allocation (i) | <u>\$1,660,702</u> | <u>\$4,441,275</u> |
| Allocation | | |
| - 15% of preceding total (i) | \$ 249,105 | \$ 666,191 |
| - 15% of net non-renewable resource revenue receivables at March 31, 1987 (ii) | (30,957) | — |
| | <u>\$ 218,148</u> | <u>\$ 666,191</u> |
| Transferred during the year | \$ 218,148 | \$ 667,948 |
| Amount to be recovered | — | (1,757) |
| | <u>218,148</u> | <u>666,191</u> |
| Decrease in amount to be transferred (recovered) | <u>(1,757)</u> | <u>18,446</u> |
| Transfer reported by the Alberta Heritage Savings Trust Fund | <u>\$ 216,391</u> | <u>\$ 684,637</u> |

(i) These amounts are reported on an accrual basis. The transfer made to the Alberta Heritage Savings Trust Fund, pursuant to the Alberta Heritage Savings Trust Fund Act, was on a basis of cash received.

(ii) 15% of the non-renewable resource revenue received by the Province during the year ended March 31, 1987 was transferred to the Alberta Heritage Savings Trust Fund pursuant to the Alberta Heritage Savings Trust Fund Special Appropriation Act, 1986-87. For the 1987-88 fiscal year, none of the non-renewable resource revenue received by the Province will be transferred to the Alberta Heritage Savings Trust Fund.

BUDGETARY EXPENDITURE BY DEPARTMENT

| | In thousands | | |
|---|----------------------|----------------------|----------------------|
| | 1987 | | 1986 |
| | Original Budget | Total Authorized | Expenditure |
| Legislative Assembly: | | | |
| Support to the Legislative Assembly | \$ 15,619 | \$ 15,619 | \$ 15,018 |
| Office of the Auditor General | 10,807 | 10,807 | 9,863 |
| Office of the Ombudsman | 852 | 852 | 819 |
| Office of the Chief Electoral Officer | 8,167 | 8,167 | 3,775 |
| | <u>35,445</u> | <u>35,445</u> | <u>29,475</u> |
| Departmental: | | | |
| Advanced Education | 951,240 | 951,240 | 943,621 |
| Agriculture | 437,570 | 437,570 | 403,210 |
| Attorney General | 146,281 | 149,037 | 139,020 |
| Career Development and Employment | 217,929 | 233,879 | 213,865 |
| Community and Occupational Health | 333,239 | 341,966 | 308,359 |
| Consumer and Corporate Affairs | 16,879 | 16,959 | 16,013 |
| Culture | 59,559 | 59,709 | 56,392 |
| Revolving fund | 32 | 32 | 25 |
| Economic Development and Trade | 65,472 | 74,192 | 60,666 |
| Education | 1,297,179 | 1,305,580 | 1,299,532 |
| Revolving fund | 301 | 301 | 1,749 |
| Energy | 114,856 | 114,792 | 106,260 |
| Environment | 163,622 | 163,622 | 130,129 |
| Water Resources Revolving Fund | 117 | 117 | (33) |
| Executive Council | 53,959 | 78,959 | 68,696 |
| Federal and Intergovernmental Affairs | 6,973 | 7,645 | 7,337 |
| Forestry, Lands and Wildlife | 187,745 | 209,094 | 186,215 |
| Revolving fund | (37) | (37) | (155) |
| Hospitals and Medical Care | 2,330,585 | 2,348,485 | 2,308,985 |
| Labour | 39,298 | 40,201 | 37,929 |
| Personnel Administration Revolving Fund | (4) | (4) | (30) |
| Municipal Affairs | 656,795 | 656,795 | 618,597 |
| Public Works, Supply and Services | 569,201 | 569,551 | 531,031 |
| Revolving fund | 14,388 | 14,388 | 16,019 |
| Recreation and Parks | 133,715 | 133,715 | 128,840 |
| Revolving fund | — | — | 50 |
| Social Services | 1,058,469 | 1,173,110 | 1,148,234 |
| Solicitor General | 252,913 | 252,913 | 242,566 |
| Technology, Research and Telecommunications | 64,885 | 65,035 | 62,394 |
| Tourism | 39,112 | 39,112 | 24,946 |
| Transportation and Utilities | 1,018,483 | 1,023,059 | 996,326 |
| Revolving funds | 8,338 | 8,338 | 5,323 |
| Treasury | 321,609 | 358,646 | 201,163 |
| Revolving funds and other statutory appropriations | 285,601 | 285,601 | 229,037 |
| | <u>10,846,304</u> | <u>11,113,602</u> | <u>10,492,311</u> |
| | <u>\$ 10,881,749</u> | <u>\$ 11,149,047</u> | <u>\$ 10,521,786</u> |
| Summary: | | | |
| Voted appropriations | \$ 10,573,013 | \$ 10,840,311 | \$ 10,269,801 |
| Statutory appropriations | 308,736 | 308,736 | 251,985 |
| | <u>\$ 10,881,749</u> | <u>\$ 11,149,047</u> | <u>\$ 10,521,786</u> |

GENERAL REVENUE FUND

Schedule 2.12

OPERATING AND CAPITAL EXPENDITURE

| | In thousands | | | |
|--|--------------|---------|-----------------------------|-----------|
| | Expenditure | | | Total |
| | Operating | Capital | Grants for Capital Purposes | |
| Legislative Assembly: | | | | |
| Support to the Legislative Assembly | \$ 14,446 | \$ 572 | \$ — | \$ 15,018 |
| Office of the Auditor General | 9,231 | 632 | — | 9,863 |
| Office of the Ombudsman | 810 | 9 | — | 819 |
| Office of the Chief Electoral Officer | 3,771 | 4 | — | 3,775 |
| | 28,258 | 1,217 | — | 29,475 |
| Departments: | | | | |
| Advanced Education: | | | | |
| Departmental support services | 7,010 | 84 | — | 7,094 |
| Assistance to higher and further educational institutions | 735,599 | 2,043 | 86,403 | 824,045 |
| Financial assistance to students | 112,426 | 56 | — | 112,482 |
| | 855,035 | 2,183 | 86,403 | 943,621 |
| Agriculture: | | | | |
| Departmental support services | 14,338 | 615 | — | 14,953 |
| Production assistance | 175,224 | 575 | 901 | 176,700 |
| Marketing assistance | 10,580 | 250 | 5,547 | 16,377 |
| Field services | 30,984 | 199 | 3,305 | 34,488 |
| Research and resource development | 9,304 | 94 | — | 9,398 |
| Agricultural development lending assistance | 114,224 | — | — | 114,224 |
| Hail and crop insurance assistance | 37,070 | — | — | 37,070 |
| | 391,724 | 1,733 | 9,753 | 403,210 |
| Attorney General: | | | | |
| Departmental support services | 6,868 | 184 | — | 7,052 |
| Court services | 56,609 | 488 | — | 57,097 |
| Legal services | 30,489 | 571 | — | 31,060 |
| Support for legal aid | 15,336 | — | — | 15,336 |
| Protection and administration of property rights | 19,838 | 553 | — | 20,391 |
| Fatality inquiries | 3,721 | 169 | — | 3,890 |
| Crimes compensation | 1,187 | 3 | — | 1,190 |
| Public utilities regulation | 2,577 | 83 | — | 2,660 |
| Gaming control and licensing | 344 | — | — | 344 |
| | 136,969 | 2,051 | — | 139,020 |
| Career Development and Employment: | | | | |
| Departmental support services | 6,607 | 105 | — | 6,712 |
| Training and career services | 118,566 | 176 | — | 118,742 |
| Employment services | 85,414 | — | — | 85,414 |
| Financial assistance to major exhibitions and fairs | 2,733 | — | 264 | 2,997 |
| | 213,320 | 281 | 264 | 213,865 |
| Community and Occupational Health: | | | | |
| Departmental support services | 1,606 | 14 | — | 1,620 |
| Community health services | 204,422 | 296 | 704 | 205,422 |
| Occupational health and safety services | 10,660 | 330 | — | 10,990 |
| Mental health services | 45,705 | 220 | — | 45,925 |
| Alcohol and drug abuse - treatment, prevention and education | 27,403 | 89 | — | 27,492 |
| Workers' compensation | 16,910 | — | — | 16,910 |
| | 306,706 | 949 | 704 | 308,359 |
| Consumer and Corporate Affairs: | | | | |
| Departmental support services | 8,618 | 187 | — | 8,805 |
| Consumer services | 726 | — | — | 726 |
| Business registration and regulation | 3,584 | 19 | — | 3,603 |
| Regulation of securities markets | 2,871 | 8 | — | 2,879 |
| | 15,799 | 214 | — | 16,013 |

OPERATING AND CAPITAL EXPENDITURE (cont'd)

| | In thousands | | | Total |
|---|--------------|----------|-----------------------------|-----------|
| | Expenditure | | Grants for Capital Purposes | |
| | Operating | Capital | | |
| Culture: | | | | |
| Voted appropriations: | | | | |
| Departmental support services | \$ 3,156 | \$ 167 | \$ — | \$ 3,323 |
| Cultural development | 27,203 | 254 | 760 | 28,217 |
| Historical resources development | 19,484 | 3,034 | 509 | 23,027 |
| Heritage development | 1,817 | 8 | — | 1,825 |
| | 51,660 | 3,463 | 1,269 | 56,392 |
| Statutory appropriations: | | | | |
| Culture Revolving Fund | 25 | — | — | 25 |
| Department total | 51,685 | 3,463 | 1,269 | 56,417 |
| Economic Development and Trade: | | | | |
| Departmental support services | 6,287 | 36 | — | 6,323 |
| Development of business and industrial programs | 16,827 | 100 | — | 16,927 |
| Financial assistance to Alberta business | 27,149 | 41 | — | 27,190 |
| Financing - economic development projects | 100 | 28,726 | 3,500 | 32,326 |
| International assistance | 6,626 | — | — | 6,626 |
| Less: capitalized as a voted non-budgetary disbursement | — | (28,726) | — | (28,726) |
| | 56,989 | 177 | 3,500 | 60,666 |
| Education: | | | | |
| Voted appropriations: | | | | |
| Departmental support services | 18,932 | 474 | — | 19,406 |
| Financial assistance to schools | 1,177,052 | — | 66,614 | 1,243,666 |
| Education program development and delivery | 35,444 | 1,016 | — | 36,460 |
| | 1,231,428 | 1,490 | 66,614 | 1,299,532 |
| Statutory appropriations: | | | | |
| Education Revolving Fund | 1,309 | 440 | — | 1,749 |
| Department total | 1,232,737 | 1,930 | 66,614 | 1,301,281 |
| Energy: | | | | |
| Departmental support services | 21,897 | 372 | — | 22,269 |
| Minerals management | 29,021 | 9,542 | — | 38,563 |
| Oil sands equity management | 1,189 | 3 | — | 1,192 |
| Petroleum incentives | 7,454 | 82 | — | 7,536 |
| Oil sands research fund management | 38,412 | 13 | — | 38,425 |
| Petroleum marketing and market research | 7,637 | — | — | 7,637 |
| Less: capitalized as a voted non-budgetary disbursement | — | (9,362) | — | (9,362) |
| | 105,610 | 650 | — | 106,260 |
| Environment: | | | | |
| Voted appropriations: | | | | |
| Departmental support services | 5,728 | 219 | — | 5,947 |
| Pollution prevention and control | 14,997 | 428 | 2,224 | 17,649 |
| Land conservation | 4,640 | 424 | — | 5,064 |
| Water resources management | 21,991 | 43,358 | 8,988 | 74,337 |
| Environmental research | 3,125 | — | — | 3,125 |
| Interdisciplinary environmental research and services | 10,342 | 799 | — | 11,141 |
| Special waste management assistance | 3,311 | — | 15,349 | 18,660 |
| Overview and coordination of environmental conservation | 1,237 | — | — | 1,237 |
| Less: capitalized as a voted non-budgetary expenditure | — | (6,365) | (666) | (7,031) |
| | 65,371 | 38,863 | 25,895 | 130,129 |
| Statutory appropriations: | | | | |
| Water Resources Revolving Fund | (537) | 504 | — | (33) |
| Department total | 64,834 | 39,367 | 25,895 | 130,096 |

GENERAL REVENUE FUND

Schedule 2.12 (cont'd)

OPERATING AND CAPITAL EXPENDITURE (cont'd)

| | In thousands | | | |
|---|--------------|---------|-----------------------------------|-----------|
| | Expenditure | | Grants for Capital Purposes | Total |
| | Operating | Capital | | |
| Executive Council: | | | | |
| Executive council administration | \$ 3,086 | \$ 9 | \$ — | \$ 3,095 |
| Northern development | 2,772 | 7 | — | 2,779 |
| Energy resources conservation | 24,504 | — | — | 24,504 |
| Coordination and advice respecting women's issues | 638 | 20 | — | 658 |
| Water resources advisory services | 207 | 1 | — | 208 |
| Disaster services and dangerous goods control | 23,164 | 531 | — | 23,695 |
| Public service employee relations | 326 | 10 | — | 336 |
| Designation, regulation and licensure of professions and occupations | 720 | 54 | — | 774 |
| Public affairs | 12,558 | 89 | — | 12,647 |
| | 67,975 | 721 | — | 68,696 |
| Federal and Intergovernmental Affairs: | | | | |
| Intergovernmental coordination and research | 7,217 | 120 | — | 7,337 |
| Forestry, Lands and Wildlife: | | | | |
| Voted appropriations: | | | | |
| Departmental support services | 14,008 | 291 | — | 14,299 |
| Resource evaluation and planning | 11,737 | 111 | — | 11,848 |
| Forest resources management | 85,381 | 1,661 | — | 87,042 |
| Public lands management | 31,310 | 3,988 | — | 35,298 |
| Fish and wildlife conservation | 27,071 | 423 | — | 27,494 |
| Foreign ownership of land administration | 309 | 1 | — | 310 |
| Surveying and mapping services | 9,371 | 553 | — | 9,924 |
| | 179,187 | 7,028 | — | 186,215 |
| Statutory appropriations: | | | | |
| Forestry, Lands and Wildlife Revolving Fund | (162) | 7 | — | (155) |
| Department total | 179,025 | 7,035 | — | 186,060 |
| Hospitals and Medical Care: | | | | |
| Departmental support services | 39,856 | 966 | — | 40,822 |
| Health care insurance | 506,545 | — | — | 506,545 |
| Financial assistance for active care | 1,407,477 | — | 39,262 | 1,446,739 |
| Financial assistance for long term chronic care | 187,953 | — | 1,402 | 189,355 |
| Financial assistance for supervised personal care | 124,408 | — | 1,116 | 125,524 |
| | 2,266,239 | 966 | 41,780 | 2,308,985 |
| Labour: | | | | |
| Voted appropriations: | | | | |
| Departmental support services | 3,866 | 65 | — | 3,931 |
| Labour relations | 5,057 | 32 | — | 5,089 |
| General safety services | 15,892 | 226 | — | 16,118 |
| Labour relations adjudication and regulation | 1,101 | 27 | — | 1,128 |
| Individual's rights protection | 1,243 | 8 | — | 1,251 |
| Personnel administration | 10,342 | 70 | — | 10,412 |
| | 37,501 | 428 | — | 37,929 |
| Statutory appropriations: | | | | |
| Personnel Administration Revolving Fund | (36) | 6 | — | (30) |
| Department total | 37,465 | 434 | — | 37,899 |

OPERATING AND CAPITAL EXPENDITURE (cont'd)

| | In thousands | | | |
|---|--------------|---------|-----------------------------------|-----------|
| | Expenditure | | Grants for Capital Purposes | Total |
| | Operating | Capital | | |
| Municipal Affairs: | | | | |
| Departmental support services | \$ 9,148 | \$ 625 | \$ — | \$ 9,773 |
| Financial support for municipal programs | 223,751 | — | — | 223,751 |
| Alberta property tax reduction plan - rebates to individuals | 108,511 | — | — | 108,511 |
| Support to community planning services | 9,163 | 8 | — | 9,171 |
| Administrative and technical support to municipalities | 21,422 | 783 | — | 22,205 |
| Regulatory boards | 1,433 | — | — | 1,433 |
| Native affairs support and coordination | 3,672 | 5 | — | 3,677 |
| Research and financial assistance for housing | 43,172 | 3,707 | — | 46,879 |
| Alberta Heritage Fund mortgage interest reduction program | 1,338 | — | — | 1,338 |
| Housing and mortgage assistance for Albertans | 182,711 | — | 9,148 | 191,859 |
| | 604,321 | 5,128 | 9,148 | 618,597 |
| Public Works, Supply and Services: | | | | |
| Voted appropriations: | | | | |
| Departmental support services | 7,822 | 141 | — | 7,963 |
| Information and telecommunication services | 43,423 | 3,796 | — | 47,219 |
| Management of properties | 233,742 | 11,301 | — | 245,043 |
| Planning and implementation of construction projects | — | 207,738 | — | 207,738 |
| Central services and acquisition of supplies | 13,352 | 229 | — | 13,581 |
| Land assembly | — | 9,487 | — | 9,487 |
| | 298,339 | 232,692 | — | 531,031 |
| Statutory appropriations: | | | | |
| Public Works, Supply and Services Revolving Fund | (7,560) | 23,579 | — | 16,019 |
| Department total | 290,779 | 256,271 | — | 547,050 |
| Recreation and Parks: | | | | |
| Voted appropriations: | | | | |
| Departmental support services | 3,345 | 55 | — | 3,400 |
| Recreation development | 35,563 | 152 | 31,394 | 67,109 |
| Provincial parks | 21,290 | 12,342 | — | 33,632 |
| Support to the XV Olympic Winter Games - 1988 | 32 | 585 | 11,462 | 12,079 |
| Kananaskis Country management | 9,934 | 2,686 | — | 12,620 |
| | 70,164 | 15,820 | 42,856 | 128,840 |
| Statutory appropriations: | | | | |
| Recreation and Parks Revolving Fund | 50 | — | — | 50 |
| Department total | 70,214 | 15,820 | 42,856 | 128,890 |
| Social Services: | | | | |
| Departmental support services | 55,158 | 633 | — | 55,791 |
| Social allowance | 553,266 | — | — | 553,266 |
| Child welfare services | 126,337 | 102 | — | 126,439 |
| Specialized social services | 55,316 | 60 | — | 55,376 |
| Benefits and income support | 216,301 | — | — | 216,301 |
| Vocational rehabilitation services | 22,637 | 4 | 250 | 22,891 |
| Services for the handicapped | 117,775 | 381 | 14 | 118,170 |
| | 1,146,790 | 1,180 | 264 | 1,148,234 |
| Solicitor General: | | | | |
| Departmental support services | 7,695 | 43 | — | 7,738 |
| Correctional services | 108,589 | 477 | — | 109,066 |
| Law enforcement | 93,893 | 19 | 114 | 94,026 |
| Motor vehicle registration and driver licensing | 24,249 | 182 | — | 24,431 |
| Control and development of horse racing | 7,305 | — | — | 7,305 |
| | 241,731 | 721 | 114 | 242,566 |

GENERAL REVENUE FUND

Schedule 2.12 (cont'd)

OPERATING AND CAPITAL EXPENDITURE (cont'd)

| | In thousands | | | |
|---|--------------|------------|-----------------------------------|---------------|
| | Expenditure | | Grants for Capital Purposes | Total |
| | Operating | Capital | | |
| Technology, Research and Telecommunications: | | | | |
| Development of science and technology | \$ 4,992 | \$ 375 | \$ — | \$ 5,367 |
| Financing of high technology projects | 16,378 | 19,158 | — | 35,536 |
| Natural sciences and engineering research | 21,530 | — | 1,300 | 22,830 |
| Multi-media education services | 16,319 | — | — | 16,319 |
| Less: capitalized as a voted non-budgetary disbursement | — | (17,658) | — | (17,658) |
| | 59,219 | 1,875 | 1,300 | 62,394 |
| Arts and Culture: | | | | |
| Arts and Culture | 23,030 | 725 | 1,191 | 24,946 |
| Transportation and Utilities: | | | | |
| Voted appropriations: | | | | |
| Departmental support services | 13,456 | 696 | — | 14,152 |
| Construction and maintenance of highways | 111,506 | 502,203 | 45,908 | 659,617 |
| Construction and operation of rail systems | 7,891 | — | — | 7,891 |
| Construction and maintenance of airport facilities | 2,555 | 5,792 | 40 | 8,387 |
| Specialized transportation services | 11,629 | 38 | — | 11,667 |
| Urban transportation financial assistance | 22,755 | 203 | 121,566 | 144,524 |
| Gas utility development | 3,509 | 579 | 14,967 | 19,055 |
| Natural gas price protection for Albertans | 13,179 | 8 | — | 13,187 |
| Electric utility development | 879 | 97 | 370 | 1,346 |
| Financial assistance for water and sewer projects | — | 20,409 | 52,821 | 73,230 |
| Electric energy marketing | 43,270 | — | — | 43,270 |
| | 230,629 | 530,025 | 235,672 | 996,326 |
| Statutory appropriations: | | | | |
| Transportation Revolving Fund | (5,378) | 12,263 | — | 6,885 |
| Gas Alberta Operating Fund | (1,562) | — | — | (1,562) |
| | (6,940) | 12,263 | — | 5,323 |
| Department total | 223,689 | 542,288 | 235,672 | 1,001,649 |
| Security: | | | | |
| Voted appropriations: | | | | |
| Departmental support services | 2,933 | 99 | — | 3,032 |
| Statistical services | 2,352 | 36 | — | 2,388 |
| Revenue collection and rebates | 150,752 | 279 | — | 151,031 |
| Financial management, planning and central services | 36,714 | 267 | — | 36,981 |
| Pension advice and appeals | 350 | 6 | — | 356 |
| Support for financial institutions | 5,000 | — | — | 5,000 |
| Employee flexibility assistance program | 2,375 | — | — | 2,375 |
| | 200,476 | 687 | — | 201,163 |
| Statutory appropriations: | | | | |
| Treasury Revolving Fund | (8) | 4 | — | (4) |
| Land Purchase Fund | (2,404) | 23,237 | — | 20,833 |
| Farm Credit Stability Fund Act | 14,020 | — | — | 14,020 |
| Small Business Term Assistance Fund Act | 4,735 | — | — | 4,735 |
| Corporate tax interest refunds | 4,541 | — | — | 4,541 |
| Debt servicing costs | 184,912 | — | — | 184,912 |
| | 205,796 | 23,241 | — | 229,037 |
| Department total | 406,272 | 23,928 | — | 430,200 |
| | \$ 9,083,632 | \$ 911,427 | \$ 526,727 | \$ 10,521,786 |
| Summary: | | | | |
| Voted appropriations | \$ 8,891,687 | \$ 851,387 | \$ 526,727 | \$ 10,269,801 |
| Statutory appropriations | 191,945 | 60,040 | — | 251,985 |
| | \$ 9,083,632 | \$ 911,427 | \$ 526,727 | \$ 10,521,786 |

EXPENDITURE BY PROGRAM AND OBJECT

| | In thousands | | | | | | Total 1986 |
|---|--|-----------------------------|---------|-----------------------------|----------|---------------|---------------|
| | Salaries, Wages and Employee Benefits | Supplies and Services | Grants | Purchase of Fixed Assets | Other | Total 1987 | |
| Legislative Assembly: | | | | | | | |
| Support to the Legislative Assembly | \$ 4,208 | \$ 6,157 | \$ 4 | \$ 572 | \$ 4,077 | \$ 15,018 | \$ 10,764 |
| Office of the Auditor General | 7,026 | 2,149 | 56 | 632 | — | 9,863 | 9,677 |
| Office of the Ombudsman | 648 | 162 | — | 9 | — | 819 | 770 |
| Office of the Chief Electoral Officer | 332 | 3,439 | — | 4 | — | 3,775 | 3,715 |
| | 12,214 | 11,907 | 60 | 1,217 | 4,077 | 29,475 | 24,926 |
| Departments: | | | | | | | |
| Advanced Education: | | | | | | | |
| Departmental support services | 5,986 | 982 | — | 84 | 42 | 7,094 | 7,413 |
| Assistance to higher and further educational institutions | 28,724 | 5,377 | 787,901 | 2,043 | — | 824,045 | 822,373 |
| Financial assistance to students | 3,190 | 1,465 | 101,265 | 56 | 6,506 | 112,482 | 86,112 |
| | 37,900 | 7,824 | 889,166 | 2,183 | 6,548 | 943,621 | 915,898 |
| Agriculture: | | | | | | | |
| Departmental support services | 8,667 | 5,513 | 76 | 615 | 82 | 14,953 | 15,318 |
| Production assistance | 22,664 | 7,064 | 146,397 | 575 | — | 176,700 | 206,389 |
| Marketing assistance | 4,661 | 2,338 | 9,128 | 250 | — | 16,377 | 23,489 |
| Field services | 17,483 | 6,478 | 10,328 | 199 | — | 34,488 | 31,465 |
| Research and resource development | 6,797 | 1,590 | 917 | 94 | — | 9,398 | 12,499 |
| Agricultural development lending assistance | — | — | 114,224 | — | — | 114,224 | 101,683 |
| Hail and crop insurance assistance | — | — | 37,070 | — | — | 37,070 | 214,519 |
| Less: capitalized as a voted non-budgetary disbursement | — | — | — | — | — | — | (163,175) |
| | 60,272 | 22,983 | 318,140 | 1,733 | 82 | 403,210 | 442,187 |
| Attorney General: | | | | | | | |
| Departmental support services | 5,403 | 1,455 | 3 | 184 | 7 | 7,052 | 6,996 |
| Court services | 42,189 | 14,054 | 366 | 488 | — | 57,097 | 57,780 |
| Legal services | 20,383 | 9,712 | 394 | 571 | — | 31,060 | 28,182 |
| Support for legal aid | — | — | 15,336 | — | — | 15,336 | 10,998 |
| Protection and administration of property rights | 15,835 | 4,003 | — | 553 | — | 20,391 | 20,150 |
| Fatality inquiries | 1,970 | 1,751 | — | 169 | — | 3,890 | 3,850 |
| Crimes compensation | 70 | 96 | 1,021 | 3 | — | 1,190 | 959 |
| Public utilities regulation | 2,219 | 358 | — | 83 | — | 2,660 | 2,762 |
| Gaming control and licensing | 217 | 127 | — | — | — | 344 | 342 |
| | 88,286 | 31,556 | 17,120 | 2,051 | 7 | 139,020 | 132,019 |
| Career Development and Employment: | | | | | | | |
| Departmental support services | 4,613 | 1,950 | — | 105 | 44 | 6,712 | 6,169 |
| Training and career services | 24,765 | 17,003 | 76,798 | 176 | — | 118,742 | 111,822 |
| Employment services | 21,206 | 1,648 | 62,560 | — | — | 85,414 | 86,569 |
| Financial assistance to major exhibitions and fairs | — | — | 2,997 | — | — | 2,997 | 5,721 |
| | 50,584 | 20,601 | 142,355 | 281 | 44 | 213,865 | 210,281 |
| Community and Occupational Health: | | | | | | | |
| Departmental support services | 1,002 | 557 | 5 | 14 | 42 | 1,620 | 1,185 |
| Community health services | 8,193 | 7,909 | 189,024 | 296 | — | 205,422 | 185,172 |
| Occupational health and safety services | 8,521 | 2,118 | 21 | 330 | — | 10,990 | 11,322 |
| Mental health services | 29,628 | 8,889 | 7,188 | 220 | — | 45,925 | 44,338 |
| Alcohol and drug abuse - treatment, prevention and education | 13,516 | 6,870 | 7,003 | 89 | 14 | 27,492 | 26,222 |
| Workers' compensation | — | — | 16,910 | — | — | 16,910 | 16,153 |
| | 60,860 | 26,343 | 220,151 | 949 | 56 | 308,359 | 284,392 |
| Consumer and Corporate Affairs: | | | | | | | |
| Departmental support services | 6,278 | 2,250 | 46 | 187 | 44 | 8,805 | 8,500 |
| Consumer services | 357 | 369 | — | — | — | 726 | 604 |
| Business registration and regulation | 3,157 | 427 | — | 19 | — | 3,603 | 3,637 |
| Regulation of securities markets | 2,035 | 836 | — | 8 | — | 2,879 | 2,562 |
| | 11,827 | 3,882 | 46 | 214 | 44 | 16,013 | 15,303 |
| Culture: | | | | | | | |
| Voted appropriations: | | | | | | | |
| Departmental support services | 2,298 | 815 | — | 167 | 43 | 3,323 | 3,250 |
| Cultural development | 4,165 | 1,730 | 22,068 | 254 | — | 28,217 | 29,005 |
| Historical resources development | 10,063 | 7,610 | 4,600 | 754 | — | 23,027 | 23,912 |
| Heritage development | 537 | 397 | 883 | 8 | — | 1,825 | 1,813 |
| | 17,063 | 10,552 | 27,551 | 1,183 | 43 | 56,392 | 57,980 |
| Statutory appropriations: | | | | | | | |
| Culture Revolving Fund | — | (6) | — | — | 31 | 25 | 2 |
| Department total | 17,063 | 10,546 | 27,551 | 1,183 | 74 | 56,417 | 57,982 |

GENERAL REVENUE FUND

Schedule 2.13 (cont'd)

EXPENDITURE BY PROGRAM AND OBJECT (cont'd)

| | In thousands | | | | | | |
|---|--|-----------------------------|-----------|-----------------------------|----------|---------------|---------------|
| | Salaries, Wages and Employee Benefits | Supplies and Services | Grants | Purchase of Fixed Assets | Other | Total 1987 | Total 1986 |
| Economic Development and Trade: | | | | | | | |
| Departmental support services | \$ 3,557 | \$ 2,658 | \$ 31 | \$ 36 | \$ 41 | \$ 6,323 | \$ 5,585 |
| Development of business and industrial programs | 7,638 | 7,300 | 1,888 | 100 | 1 | 16,927 | 18,944 |
| Financial assistance to Alberta business | 1,297 | 1,206 | 24,646 | 41 | — | 27,190 | 44,516 |
| Financing - economic development projects | — | — | 3,500 | — | 28,826 | 32,326 | 31,406 |
| International assistance | 91 | 18 | 6,517 | — | — | 6,626 | 7,280 |
| Less: capitalized as a voted non-budgetary disbursement | — | — | — | — | (28,726) | (28,726) | (27,846) |
| | 12,583 | 11,182 | 36,582 | 177 | 142 | 60,666 | 79,885 |
| Education: | | | | | | | |
| Voted appropriations: | | | | | | | |
| Departmental support services | 11,032 | 7,445 | 411 | 474 | 44 | 19,406 | 19,896 |
| Financial assistance to schools | — | 75 | 1,243,591 | — | — | 1,243,666 | 1,179,021 |
| Education program development and delivery | 19,298 | 16,026 | 120 | 1,016 | — | 36,460 | 33,340 |
| | 30,330 | 23,546 | 1,244,122 | 1,490 | 44 | 1,299,532 | 1,232,257 |
| Statutory appropriations: | | | | | | | |
| Education Revolving Fund | — | 1,279 | — | 440 | 30 | 1,749 | 889 |
| Department total | 30,330 | 24,825 | 1,244,122 | 1,930 | 74 | 1,301,281 | 1,233,146 |
| Energy: | | | | | | | |
| Departmental support services | 5,847 | 7,080 | 8,914 | 372 | 56 | 22,269 | 13,673 |
| Minerals management | 10,573 | 2,980 | 15,464 | 184 | 9,362 | 38,563 | 66,768 |
| Oil sands equity management | 514 | 663 | — | 3 | 12 | 1,192 | 1,226 |
| Petroleum incentives | 4,872 | 2,582 | — | 82 | — | 7,536 | 7,740 |
| Oil sands research fund management | 2,540 | 1,167 | 34,700 | 13 | 5 | 38,425 | 3,463 |
| Petroleum marketing and market research | — | — | 7,637 | — | — | 7,637 | 6,751 |
| Less: capitalized as a voted non-budgetary disbursement | — | — | — | — | (9,362) | (9,362) | — |
| | 24,346 | 14,472 | 66,715 | 654 | 73 | 106,260 | 99,621 |
| Environment: | | | | | | | |
| Voted appropriations: | | | | | | | |
| Departmental support services | 3,785 | 1,893 | 7 | 219 | 43 | 5,947 | 5,777 |
| Pollution prevention and control | 9,567 | 3,534 | 4,120 | 428 | — | 17,649 | 18,634 |
| Land conservation | 3,738 | 1,270 | — | 56 | — | 5,064 | 4,831 |
| Water resources management | 21,311 | 43,612 | 9,015 | 399 | — | 74,337 | 60,495 |
| Environmental research | 985 | 1,744 | 396 | — | — | 3,125 | 3,057 |
| Interdisciplinary environmental research and services | 7,613 | 2,729 | — | 799 | — | 11,141 | 11,522 |
| Special waste management assistance | — | — | 18,660 | — | — | 18,660 | 9,445 |
| Overview and coordination of environmental conservation | 787 | — | 450 | — | — | 1,237 | 1,175 |
| Less: capitalized as a voted non-budgetary disbursement | — | (6,365) | (666) | — | — | (7,031) | (1,299) |
| | 47,786 | 48,417 | 31,982 | 1,901 | 43 | 130,129 | 113,637 |
| Statutory appropriations: | | | | | | | |
| Water Resources Revolving Fund | — | (46) | — | 504 | (491) | (33) | 160 |
| Department total | 47,786 | 48,371 | 31,982 | 2,405 | (448) | 130,096 | 113,797 |
| Executive Council: | | | | | | | |
| Executive council administration | 2,046 | 975 | — | 9 | 65 | 3,095 | 3,210 |
| Northern development | 943 | 1,151 | 666 | 7 | 12 | 2,779 | 1,625 |
| Energy resources conservation | — | — | 24,504 | — | — | 24,504 | 20,965 |
| Coordination and advice respecting women's issues | 394 | 199 | 45 | 20 | — | 658 | 410 |
| Water resources advisory services | 144 | 46 | — | 1 | 17 | 208 | 235 |
| Disaster services and dangerous goods control | 3,547 | 3,355 | 16,541 | 252 | — | 23,695 | 4,231 |
| Public service employee relations | 182 | 144 | — | 10 | — | 336 | 355 |
| Designation, regulation and licensure of professions and occupations | 384 | 336 | — | 54 | — | 774 | 568 |
| Public affairs | 7,747 | 4,661 | 145 | 89 | 5 | 12,647 | 11,761 |
| | 15,387 | 10,867 | 41,901 | 442 | 99 | 68,696 | 43,360 |
| Federal and Intergovernmental Affairs: | | | | | | | |
| Intergovernmental coordination and research | 4,256 | 2,421 | 495 | 120 | 45 | 7,337 | 6,623 |
| Forestry, Lands and Wildlife: | | | | | | | |
| Voted appropriations: | | | | | | | |
| Departmental support services | 9,153 | 4,725 | 87 | 291 | 43 | 14,299 | 13,866 |
| Resource evaluation and planning | 5,392 | 6,259 | 75 | 111 | 11 | 11,848 | 11,492 |
| Forest resources management | 45,504 | 39,945 | 503 | 1,090 | — | 87,042 | 93,627 |
| Public lands management | 11,158 | 23,753 | — | 379 | 8 | 35,298 | 18,970 |
| Fish and wildlife conservation | 15,335 | 7,738 | 4,093 | 327 | 1 | 27,494 | 26,611 |
| Foreign ownership of land administration | 283 | 26 | — | 1 | — | 310 | 342 |
| Surveying and mapping services | 6,026 | 3,345 | — | 553 | — | 9,924 | 10,111 |
| | 92,851 | 85,791 | 4,758 | 2,752 | 63 | 186,215 | 175,019 |
| Statutory appropriations: | | | | | | | |
| Forestry, Lands and Wildlife Revolving Fund | — | (45) | — | 7 | (117) | (155) | 804 |
| Department total | 92,851 | 85,746 | 4,758 | 2,759 | (54) | 186,060 | 175,823 |

EXPENDITURE BY PROGRAM AND OBJECT (cont'd)

| | In thousands | | | | | | |
|--|--|-----------------------------|-----------|-----------------------------|---------|---------------|---------------|
| | Salaries, Wages and Employee Benefits | Supplies and Services | Grants | Purchase of Fixed Assets | Other | Total 1987 | Total 1986 |
| Hospitals and Medical Care: | | | | | | | |
| Departmental support services | \$ 27,431 | \$ 12,345 | \$ 27 | \$ 966 | \$ 53 | \$ 40,822 | \$ 40,101 |
| Health care insurance | — | — | 506,545 | — | — | 506,545 | 425,961 |
| Financial assistance for active care | — | — | 1,446,739 | — | — | 1,446,739 | 1,556,561 |
| Financial assistance for long-term chronic care | — | — | 189,355 | — | — | 189,355 | 179,871 |
| Financial assistance for supervised personal care | — | — | 125,524 | — | — | 125,524 | 111,041 |
| Less: capitalized as a voted non-budgetary disbursement | — | — | — | — | — | — | (9,761) |
| | 27,431 | 12,345 | 2,268,190 | 966 | 53 | 2,308,985 | 2,303,791 |
| Labour: | | | | | | | |
| Voted appropriations: | | | | | | | |
| Departmental support services | 2,545 | 1,262 | 11 | 65 | 48 | 3,931 | 3,811 |
| Labour relations | 4,474 | 575 | 8 | 32 | — | 5,089 | 4,791 |
| General safety services | 12,859 | 3,015 | 18 | 226 | — | 16,118 | 15,671 |
| Labour relations adjudication and regulation | 807 | 294 | — | 27 | — | 1,128 | 1,161 |
| Individual's rights protection | 831 | 412 | — | 8 | — | 1,251 | 1,021 |
| Personnel administration | 7,078 | 3,264 | — | 70 | — | 10,412 | 10,401 |
| | 28,594 | 8,822 | 37 | 428 | 48 | 37,929 | 36,881 |
| Statutory appropriations: | | | | | | | |
| Personnel Administration Revolving Fund | — | (18) | — | 6 | (18) | (30) | (61) |
| Department total | 28,594 | 8,804 | 37 | 434 | 30 | 37,899 | 36,811 |
| Municipal Affairs: | | | | | | | |
| Departmental support services | 6,253 | 2,714 | 127 | 625 | 54 | 9,773 | 9,051 |
| Financial support for municipal programs | — | — | 223,751 | — | — | 223,751 | 224,021 |
| Alberta property tax reduction plan - rebates to individuals | 482 | 892 | 107,136 | — | 1 | 108,511 | 105,441 |
| Support to community planning services | 2,810 | 420 | 5,933 | 8 | — | 9,171 | 9,291 |
| Administrative and technical support to municipalities | 16,150 | 4,448 | 1,595 | 12 | — | 22,205 | 20,791 |
| Regulatory boards | 1,083 | 350 | — | — | — | 1,433 | 1,561 |
| Native affairs support and coordination | 793 | 381 | 2,498 | 5 | — | 3,677 | 3,941 |
| Research and financial assistance for housing | 4,087 | 5,474 | 31,400 | 3,707 | 2,211 | 46,879 | 49,361 |
| Alberta Heritage Fund mortgage interest reduction program | 618 | 204 | 516 | — | — | 1,338 | 4,351 |
| Housing and mortgage assistance for Albertans | — | — | 191,859 | — | — | 191,859 | 206,781 |
| | 32,276 | 14,883 | 564,815 | 4,357 | 2,266 | 618,597 | 634,611 |
| Public Works, Supply and Services: | | | | | | | |
| Voted appropriations: | | | | | | | |
| Departmental support services | 5,498 | 2,282 | — | 141 | 42 | 7,963 | 7,231 |
| Information and telecommunication services | 2,841 | 40,582 | — | 3,796 | — | 47,219 | 47,801 |
| Management of properties | 52,856 | 159,102 | 29,627 | 3,458 | — | 245,043 | 239,801 |
| Planning and implementation of construction projects | 11,232 | 185,887 | — | 10,619 | — | 207,738 | 184,321 |
| Central services and acquisition of supplies | 6,897 | 6,455 | — | 229 | — | 13,581 | 14,371 |
| Land assembly | 681 | 637 | — | 8,169 | — | 9,487 | 11,051 |
| | 80,005 | 394,945 | 29,627 | 26,412 | 42 | 531,031 | 504,591 |
| Statutory appropriations: | | | | | | | |
| Public Works, Supply and Services Revolving Fund | — | (51) | — | 23,579 | (7,509) | 16,019 | (6,401) |
| Department total | 80,005 | 394,894 | 29,627 | 49,991 | (7,467) | 547,050 | 498,191 |
| Recreation and Parks: | | | | | | | |
| Voted appropriations: | | | | | | | |
| Departmental support services | 2,735 | 552 | 16 | 55 | 42 | 3,400 | 3,421 |
| Recreation development | 4,974 | 1,865 | 60,118 | 152 | — | 67,109 | 65,561 |
| Provincial parks | 18,173 | 14,780 | — | 679 | — | 33,632 | 32,951 |
| Support to the XV Olympic Winter Games - 1988 | 66 | 551 | 11,462 | — | — | 12,079 | 2,441 |
| Kananaskis Country management | 6,508 | 5,396 | — | 716 | — | 12,620 | 9,771 |
| | 32,456 | 23,144 | 71,596 | 1,602 | 42 | 128,840 | 114,161 |
| Statutory appropriations: | | | | | | | |
| Recreation and Parks Revolving Fund | — | 50 | — | — | — | 50 | —1 |
| Department total | 32,456 | 23,194 | 71,596 | 1,602 | 42 | 128,890 | 114,161 |
| Social Services: | | | | | | | |
| Departmental support services | 40,388 | 14,412 | 315 | 633 | 43 | 55,791 | 58,131 |
| Social allowance | 20,843 | 2,461 | 529,962 | — | — | 553,266 | 458,861 |
| Child welfare services | 38,308 | 87,324 | 705 | 102 | — | 126,439 | 120,211 |
| Specialized social services | 9,870 | 9,081 | 36,352 | 60 | 13 | 55,376 | 53,911 |
| Benefits and income support | 2,109 | 179 | 214,013 | — | — | 216,301 | 203,251 |
| Vocational rehabilitation services | 2,951 | 11,719 | 8,217 | 4 | — | 22,891 | 19,791 |
| Services for the handicapped | 62,830 | 49,250 | 5,709 | 381 | — | 118,170 | 115,811 |
| | 177,299 | 174,426 | 795,273 | 1,180 | 56 | 1,148,234 | 1,029,981 |

GENERAL REVENUE FUND

Schedule 2.13 (cont'd)

EXPENDITURE BY PROGRAM AND OBJECT (cont'd)

| | In thousands | | | | | | Total 1987 | Total 1986 |
|---|--|-----------------------------|-------------|-----------------------------|------------|--------------|---------------|---------------|
| | Salaries, Wages and Employee Benefits | Supplies and Services | Grants | Purchase of Fixed Assets | Other | | | |
| Solicitor General: | | | | | | | | |
| Departmental support services | \$ 5,963 | \$ 1,688 | \$ — | \$ 43 | \$ 44 | \$ 7,738 | \$ 7,980 | |
| Correctional services | 78,331 | 30,252 | 6 | 477 | — | 109,066 | 104,623 | |
| Law enforcement | 3,825 | 58,742 | 31,440 | 19 | — | 94,026 | 90,051 | |
| Motor vehicle registration and driver licensing | 10,869 | 13,366 | 14 | 182 | — | 24,431 | 25,965 | |
| Control and development of horse racing | — | — | 7,305 | — | — | 7,305 | 3,822 | |
| | 98,988 | 104,048 | 38,765 | 721 | 44 | 242,566 | 232,441 | |
| Technology, Research and Telecommunications: | | | | | | | | |
| Development of science and technology | 1,693 | 2,594 | 659 | 375 | 46 | 5,367 | 2,225 | |
| Financing of high technology projects | — | — | 16,378 | 1,500 | 17,658 | 35,536 | 10,097 | |
| Natural sciences and engineering research | — | — | 22,830 | — | — | 22,830 | 26,209 | |
| Multi-media education services | — | — | 16,319 | — | — | 16,319 | 16,299 | |
| Less: capitalized as a voted non-budgetary disbursement | — | — | — | — | (17,658) | (17,658) | (850) | |
| | 1,693 | 2,594 | 56,186 | 1,875 | 46 | 62,394 | 53,980 | |
| Tourism: | | | | | | | | |
| Tourism | 5,646 | 13,228 | 5,305 | 725 | 42 | 24,946 | 14,937 | |
| Transportation and Utilities: | | | | | | | | |
| Voted appropriations: | | | | | | | | |
| Departmental support services | 8,754 | 4,621 | 32 | 696 | 49 | 14,152 | 15,985 | |
| Construction and maintenance of highways | 109,694 | 496,846 | 46,053 | 7,024 | — | 659,617 | 685,750 | |
| Construction and operation of rail systems | — | — | 7,891 | — | — | 7,891 | 9,645 | |
| Construction and maintenance of airport facilities | 1,393 | 6,948 | 40 | 6 | — | 8,387 | 10,002 | |
| Specialized transportation services | 8,547 | 2,942 | 140 | 38 | — | 11,667 | 10,920 | |
| Urban transportation financial assistance | 503 | 336 | 143,685 | — | — | 144,524 | 149,455 | |
| Gas utility development | 2,118 | 1,770 | 15,097 | 70 | — | 19,055 | 22,214 | |
| Natural gas price protection for Albertans | 674 | 218 | 12,287 | 8 | — | 13,187 | 13,065 | |
| Electric utility development | 699 | 260 | 370 | 17 | — | 1,346 | 2,514 | |
| Financial assistance for water and sewer projects | 667 | 19,733 | 52,821 | 9 | — | 73,230 | 69,022 | |
| Electric energy marketing | — | — | 43,270 | — | — | 43,270 | 49,861 | |
| Less: capitalized as a voted non-budgetary disbursement | — | — | — | — | — | — | (100) | |
| | 133,049 | 533,674 | 321,686 | 7,868 | 49 | 996,326 | 1,038,333 | |
| Statutory appropriations: | | | | | | | | |
| Transportation Revolving Fund | — | 7,467 | — | 12,263 | (12,845) | 6,885 | 31,151 | |
| Gas Alberta Operating Fund | — | — | — | — | (1,562) | (1,562) | (728) | |
| | — | 7,467 | — | 12,263 | (14,407) | 5,323 | 30,423 | |
| Department total | 133,049 | 541,141 | 321,686 | 20,131 | (14,358) | 1,001,649 | 1,068,756 | |
| Treasury: | | | | | | | | |
| Voted appropriations: | | | | | | | | |
| Departmental support services | 2,206 | 667 | 18 | 99 | 42 | 3,032 | 2,781 | |
| Statistical services | 1,631 | 721 | — | 36 | — | 2,388 | 2,355 | |
| Revenue collection and rebates | 9,108 | 7,703 | 133,916 | 279 | 25 | 151,031 | 134,231 | |
| Financial management, planning and central services | 18,163 | 17,962 | 9 | 267 | 580 | 36,981 | 37,842 | |
| Pension advice and appeals | 299 | 51 | — | 6 | — | 356 | 370 | |
| Support for financial institutions | — | — | 5,000 | — | — | 5,000 | 78,000 | |
| Employee flexibility assistance program | 32 | 2,206 | 137 | — | — | 2,375 | — | |
| Less: capitalized as a voted non-budgetary disbursement | — | — | — | — | — | — | (78,000) | |
| | 31,439 | 29,310 | 139,080 | 687 | 647 | 201,163 | 177,579 | |
| Statutory appropriations: | | | | | | | | |
| Treasury Revolving Fund | — | — | — | 4 | (8) | (4) | 5 | |
| Land Purchase Fund | — | — | — | 23,237 | (2,404) | 20,833 | 8,234 | |
| Farm Credit Stability Fund Act | — | — | 14,020 | — | — | 14,020 | — | |
| Small Business Term Assistance Fund Act | — | — | 4,735 | — | — | 4,735 | — | |
| Corporate tax interest refunds | — | — | — | — | 4,541 | 4,541 | 3,888 | |
| Debt servicing costs | — | — | 5,337 | — | 179,575 | 184,912 | 35,782 | |
| | — | — | 24,092 | 23,241 | 181,704 | 229,037 | 47,909 | |
| Department total | 31,439 | 29,310 | 163,172 | 23,928 | 182,351 | 430,200 | 225,488 | |
| | \$1,215,421 | \$1,652,393 | \$7,355,796 | \$ 124,208 | \$ 173,968 | \$10,521,786 | \$10,048,403 | |
| Summary: | | | | | | | | |
| Voted appropriations | \$1,215,421 | \$1,643,763 | \$7,331,704 | 64,168 | 14,745 | \$10,269,801 | 9,974,684 | |
| Statutory appropriations | — | 8,630 | 24,092 | 60,040 | 159,223 | 251,985 | 73,719 | |
| | \$1,215,421 | \$1,652,393 | \$7,355,796 | \$ 124,208 | \$ 173,968 | \$10,521,786 | \$10,048,403 | |

DETAILS OF EXPENDITURE BY OBJECT

| | In thousands | | | | | | |
|--|-------------------------|-----------------------|-------------|---------------------|--|--|---|
| | Legislative Assembly | Advanced Education | Agriculture | Attorney General | Career Development and Employment | Community and Occupational Health | Consumer and Corporate Affairs |
| Salaries, Wages and Employee Benefits: | | | | | | | |
| Salaries - permanent positions | \$ 7,014 | \$ 20,035 | \$ 42,412 | \$ 59,221 | \$ 13,607 | \$ 46,168 | \$ 9,663 |
| Salaries - non-permanent positions | 664 | 9,010 | 1,612 | 3,537 | 8,718 | 1,433 | 277 |
| Wages | 368 | 3,493 | 9,355 | 2,893 | 24,134 | 6,199 | 416 |
| Payments to contract employees | 2,790 | 1,690 | 724 | 13,484 | 306 | 948 | 218 |
| Employer contributions | 1,236 | 3,461 | 5,719 | 8,708 | 3,671 | 5,838 | 1,199 |
| Allowances and benefits | 142 | 211 | 450 | 443 | 148 | 274 | 54 |
| Total salaries, wages and employee benefits | 12,214 | 37,900 | 60,272 | 88,286 | 50,584 | 60,860 | 11,827 |
| Supplies and Services: | | | | | | | |
| Travel expenses | 1,255 | 710 | 5,936 | 4,650 | 1,442 | 2,698 | 351 |
| Maintenance in homes | — | — | — | — | — | 790 | — |
| Advertising | 823 | 166 | 485 | 66 | 223 | 77 | 160 |
| Insurance | 1 | 4 | 4 | 6 | 8 | 4 | — |
| Freight and postage | 270 | 355 | 1,095 | 1,205 | 346 | 286 | 305 |
| Contracts for construction | — | — | — | — | — | — | — |
| Rentals | 981 | 572 | 1,596 | 1,093 | 613 | 510 | 238 |
| Telephone and communications | 451 | 263 | 856 | 487 | 429 | 278 | 93 |
| Repairs and maintenance - machinery and equipment | 306 | 368 | 1,025 | 1,164 | 389 | 374 | 203 |
| Contract services including professional, technical and labour services | 6,539 | 747 | 5,925 | 11,675 | 13,893 | 12,820 | 1,406 |
| Data processing services | 220 | 841 | 1,143 | 6,556 | 1,004 | 1,429 | 620 |
| Hosting | 31 | 49 | 216 | 79 | 43 | 74 | 21 |
| Other purchased services | 16 | 45 | 18 | 71 | 28 | 218 | 4 |
| Materials and supplies | 1,014 | 3,704 | 4,684 | 4,504 | 2,183 | 6,785 | 481 |
| Total supplies and services | 11,907 | 7,824 | 22,983 | 31,556 | 20,601 | 26,343 | 3,882 |
| Grants: | | | | | | | |
| Grants to individuals | 2 | 103,802 | 144,503 | 1,021 | 25,999 | 44,850 | — |
| Grants to businesses | — | — | 9,039 | — | 68,050 | 7 | — |
| Grants to non-profit organizations | 56 | 13,083 | 6,292 | 16,099 | 23,993 | 15,674 | 46 |
| Grants to own funds and agencies | — | 772,281 | 152,815 | — | — | 16,910 | — |
| Grants to other levels of government | — | — | 5,383 | — | 24,280 | 142,703 | — |
| Other grants | 2 | — | 108 | — | 33 | 7 | — |
| Total grants | 60 | 889,166 | 318,140 | 17,120 | 142,355 | 220,151 | 46 |
| Purchase of Fixed Assets: | | | | | | | |
| Purchase of real estate | — | — | — | — | — | 144 | — |
| Purchase of machinery and equipment | — | 241 | 954 | 30 | 52 | 352 | — |
| Purchase of data processing equipment | 982 | 1,028 | 663 | 1,502 | 190 | 290 | 180 |
| Purchase of audio-visual equipment | — | 221 | 31 | 12 | 5 | 54 | 1 |
| Purchase of reproduction equipment | 8 | 58 | 43 | 127 | — | — | — |
| Purchase of office equipment | 148 | 143 | 38 | 359 | 33 | 61 | 20 |
| Purchase of furniture | 79 | 322 | 2 | 21 | 1 | 47 | 5 |
| Purchase of vehicles | — | 132 | 2 | — | — | — | 8 |
| Purchase of other assets | — | 38 | — | — | — | 1 | — |
| Total purchase of fixed assets | 1,217 | 2,183 | 1,733 | 2,051 | 281 | 949 | 214 |
| Other: | | | | | | | |
| Payments to Members of the Legislative Assembly and Executive Council | 4,077 | 42 | 82 | 6 | 44 | 56 | 44 |
| Pension payments | — | — | — | — | — | — | — |
| Interest and bank charges | — | 342 | — | — | — | — | — |
| Implementation of guarantees | — | 6,164 | — | — | — | — | — |
| Long term disability income benefits | — | — | — | 1 | — | — | — |
| Write-offs and losses | — | — | — | — | — | — | — |
| Railway relocation project | — | — | — | — | — | — | — |
| Rural mobile home program | — | — | — | — | — | — | — |
| Revolving fund losses (profits) | — | — | — | — | — | — | — |
| Total other | 4,077 | 6,548 | 82 | 7 | 44 | 56 | 44 |
| | \$ 29,475 | \$ 943,621 | \$ 403,210 | \$ 139,020 | \$ 213,865 | \$ 308,359 | \$ 16,013 |
| Summary: | | | | | | | |
| Voted appropriations | \$ 29,475 | \$ 943,621 | \$ 403,210 | \$ 139,020 | \$ 213,865 | \$ 308,359 | \$ 16,013 |
| Statutory appropriations | — | — | — | — | — | — | — |
| | \$ 29,475 | \$ 943,621 | \$ 403,210 | \$ 139,020 | \$ 213,865 | \$ 308,359 | \$ 16,013 |

GENERAL REVENUE FUND

Schedule 2.14 (cont'd)

DETAILS OF EXPENDITURE BY OBJECT (cont'd)

| | In thousands | | | | | | Federal and Inter-governmental Affairs |
|---|------------------|--------------------------------|---------------------|-------------------|-------------------|-------------------|--|
| | Culture | Economic Development and Trade | Education | Energy | Environment | Executive Council | |
| Salaries, Wages and Employee Benefits: | | | | | | | |
| Salaries - permanent positions | \$ 11,928 | \$ 8,089 | \$ 22,505 | \$ 15,657 | \$ 36,203 | \$ 10,813 | \$ 1,961 |
| Salaries - non-permanent positions | 1,555 | 1,435 | 2,906 | 1,602 | 2,010 | 762 | 247 |
| Wages | 1,749 | 735 | 1,556 | 1,628 | 4,518 | 1,527 | 987 |
| Payments to contract employees | 116 | 644 | 196 | 2,825 | 171 | 695 | 347 |
| Employer contributions | 1,668 | 1,241 | 3,093 | 2,465 | 4,665 | 1,534 | 496 |
| Allowances and benefits | 47 | 439 | 74 | 169 | 219 | 56 | 218 |
| Total salaries, wages and employee benefits | 17,063 | 12,583 | 30,330 | 24,346 | 47,786 | 15,387 | 4,256 |
| Supplies and Services: | | | | | | | |
| Travel expenses | 1,269 | 1,874 | 3,162 | 1,079 | 2,177 | 1,556 | 652 |
| Maintenance in homes | — | — | 17 | — | — | — | — |
| Advertising | 199 | 338 | 57 | 84 | 217 | 640 | 115 |
| Insurance | 4 | 1 | 2 | 2 | 803 | 1 | 1 |
| Freight and postage | 268 | 354 | 942 | 209 | 237 | 256 | 127 |
| Contracts for construction | — | — | — | — | 15,486 | 278 | — |
| Rentals | 370 | 651 | 373 | 737 | 4,978 | 1,840 | 239 |
| Telephone and communications | 166 | 202 | 150 | 89 | 385 | 140 | 320 |
| Repairs and maintenance - machinery and equipment | 225 | 111 | 370 | 351 | 1,109 | 174 | 61 |
| Contract services including professional, technical and labour services | 5,926 | 5,801 | 15,350 | 4,722 | 18,459 | 2,746 | 253 |
| Data processing services | 241 | 581 | 1,093 | 5,867 | 1,170 | 136 | 3 |
| Hosting | 89 | 371 | 67 | 117 | 26 | 338 | 269 |
| Other purchased services | 37 | 37 | 186 | 28 | 502 | 30 | — |
| Materials and supplies | 1,752 | 861 | 3,056 | 1,187 | 2,822 | 2,732 | 381 |
| Total supplies and services | 10,546 | 11,182 | 24,825 | 14,472 | 48,371 | 10,867 | 2,421 |
| Grants: | | | | | | | |
| Grants to individuals | 464 | 6,865 | 250 | 96 | 1,202 | 8,224 | — |
| Grants to businesses | 347 | 8,143 | 17 | 19,714 | 1,075 | 2,549 | — |
| Grants to non-profit organizations | 10,762 | 7,630 | 31,138 | 4,532 | 1,175 | 761 | 495 |
| Grants to own funds and agencies | 3,484 | 13,928 | 981,056 | 42,337 | 19,113 | 24,504 | — |
| Grants to other levels of government | 12,492 | 16 | 231,661 | — | 9,417 | 5,718 | — |
| Other grants | 2 | — | — | 36 | — | 145 | — |
| Total grants | 27,551 | 36,582 | 1,244,122 | 66,715 | 31,982 | 41,901 | 495 |
| Purchase of Fixed Assets: | | | | | | | |
| Purchase of real estate | — | — | — | — | — | — | — |
| Purchase of machinery and equipment | 74 | — | 2 | 4 | 1,238 | 1 | — |
| Purchase of data processing equipment | 271 | 148 | 1,543 | 591 | 783 | 316 | 100 |
| Purchase of audio-visual equipment | 307 | 4 | 65 | 3 | 5 | 31 | 4 |
| Purchase of reproduction equipment | 24 | — | 136 | 11 | 65 | 1 | — |
| Purchase of office equipment | 35 | 13 | 173 | 30 | 16 | 8 | 11 |
| Purchase of furniture | 94 | 8 | 4 | 13 | 14 | 8 | 5 |
| Purchase of vehicles | 94 | — | — | — | 282 | — | — |
| Purchase of other assets | 284 | 4 | 7 | 2 | 2 | 77 | — |
| Total purchase of fixed assets | 1,183 | 177 | 1,930 | 654 | 2,405 | 442 | 120 |
| Other: | | | | | | | |
| Payments to Members of the Legislative Assembly and Executive Council | 43 | 42 | 44 | 73 | 43 | 99 | 39 |
| Pension payments | — | — | — | — | — | — | — |
| Interest and bank charges | — | — | — | — | — | — | 5 |
| Implementation of guarantees | — | — | — | — | — | — | — |
| Long term disability income benefits | — | — | — | — | — | — | 1 |
| Write-offs and losses | — | — | — | — | — | — | — |
| Railway relocation project | — | 100 | — | — | — | — | — |
| Rural mobile home program | — | — | — | — | — | — | — |
| Revolving fund losses (profits) | 31 | — | 30 | — | (491) | — | — |
| Total other | 74 | 142 | 74 | 73 | (448) | 99 | 45 |
| | \$ 56,417 | \$ 60,666 | \$ 1,301,281 | \$ 106,260 | \$ 130,096 | \$ 68,696 | \$ 7,337 |
| Summary: | | | | | | | |
| Voted appropriations | \$ 56,392 | \$ 60,666 | \$ 1,299,532 | \$ 106,260 | \$ 130,129 | \$ 68,696 | \$ 7,337 |
| Statutory appropriations | 25 | — | 1,749 | — | (33) | — | — |
| | \$ 56,417 | \$ 60,666 | \$ 1,301,281 | \$ 106,260 | \$ 130,096 | \$ 68,696 | \$ 7,337 |

Schedule 2.14 (cont'd)

DETAILS OF EXPENDITURE BY OBJECT (cont'd)

| | In thousands | | | | | | |
|--|------------------------------------|----------------------------------|------------------|----------------------|---|-------------------------|---------------------|
| | Forestry, Lands and Wildlife | Hospitals and Medical Care | Labour | Municipal Affairs | Public Works, Supply and Services | Recreation and Parks | Social Services |
| Salaries, Wages and Employee Benefits: | | | | | | | |
| Salaries - permanent positions | \$ 59,056 | \$ 19,830 | \$ 24,475 | \$ 25,168 | \$ 59,986 | \$ 17,283 | \$ 122,644 |
| Salaries - non-permanent positions | 4,133 | 2,779 | 476 | 2,247 | 4,970 | 439 | 13,058 |
| Wages | 20,153 | 1,581 | 329 | 955 | 6,171 | 11,473 | 23,431 |
| Payments to contract employees | 234 | 318 | 291 | 399 | 246 | 79 | 487 |
| Employer contributions | 8,087 | 2,813 | 2,898 | 3,307 | 8,271 | 2,637 | 17,084 |
| Allowances and benefits | 1,188 | 110 | 125 | 200 | 361 | 545 | 595 |
| Total salaries, wages and employee benefits | 92,851 | 27,431 | 28,594 | 32,276 | 80,005 | 32,456 | 177,299 |
| Supplies and Services: | | | | | | | |
| Travel expenses | 4,177 | 601 | 2,244 | 2,656 | 2,330 | 1,193 | 9,076 |
| Maintenance in homes | — | — | — | — | — | — | 116,166 |
| Advertising | 757 | 190 | 712 | 167 | 287 | 184 | 338 |
| Insurance | 33 | — | 140 | 11 | 129 | 31 | 16 |
| Freight and postage | 425 | 2,381 | 272 | 237 | 1,907 | 217 | 1,438 |
| Contracts for construction | 3,685 | — | — | 772 | 171,612 | 5,328 | — |
| Rentals | 19,605 | 202 | 258 | 807 | 87,594 | 1,939 | 2,189 |
| Telephone and communications | 2,583 | 162 | 84 | 352 | 39,263 | 954 | 1,573 |
| Repairs and maintenance - machinery and equipment | 5,931 | 409 | 114 | 2,284 | 2,610 | 1,122 | 1,183 |
| Contract services including professional, technical and labour services | 17,369 | 1,723 | 2,888 | 4,025 | 56,785 | 6,681 | 30,818 |
| Data processing services | 3,605 | 5,228 | 969 | 2,102 | 1,969 | 187 | 3,333 |
| Hosting | 73 | 24 | 62 | 24 | 16 | 47 | 34 |
| Other purchased services | 18,491 | 1 | 7 | 192 | 21,329 | 911 | 370 |
| Materials and supplies | 9,012 | 1,424 | 1,054 | 1,254 | 9,063 | 4,400 | 7,892 |
| Total supplies and services | 85,746 | 12,345 | 8,804 | 14,883 | 394,894 | 23,194 | 174,426 |
| Grants: | | | | | | | |
| Grants to individuals | 45 | — | 3 | 137,458 | — | 9 | 780,169 |
| Grants to businesses | — | 57,211 | 15 | 592 | — | — | — |
| Grants to non-profit organizations | 438 | 24,555 | 12 | 3,820 | — | 39,716 | 15,104 |
| Grants to own funds and agencies | 3,750 | 2,186,424 | — | 198,898 | — | 556 | — |
| Grants to other levels of government | — | — | — | 224,013 | 29,627 | 31,315 | — |
| Other grants | 525 | — | 7 | 34 | — | — | — |
| Total grants | 4,758 | 2,268,190 | 37 | 564,815 | 29,627 | 71,596 | 795,273 |
| Purchase of Fixed Assets: | | | | | | | |
| Purchase of real estate | — | — | — | — | 15,366 | — | 9 |
| Purchase of machinery and equipment | 675 | 166 | 36 | 31 | 4,209 | 524 | 273 |
| Purchase of data processing equipment | 1,145 | 736 | 200 | 692 | 22,134 | 131 | 587 |
| Purchase of audio-visual equipment | 12 | — | 23 | 8 | 13 | 106 | 22 |
| Purchase of reproduction equipment | 90 | 25 | — | — | — | 77 | 15 |
| Purchase of office equipment | 125 | 39 | 28 | 9 | (27) | 44 | 95 |
| Purchase of furniture | 12 | — | 6 | — | 6,053 | 30 | 170 |
| Purchase of vehicles | 224 | — | 132 | — | 3,312 | 582 | 6 |
| Purchase of other assets | 476 | — | 9 | 3,617 | (1,069) | 108 | 3 |
| Total purchase of fixed assets | 2,759 | 966 | 434 | 4,357 | 49,991 | 1,602 | 1,180 |
| Other: | | | | | | | |
| Payments to Members of the Legislative Assembly and Executive Council | 63 | 53 | 48 | 55 | 42 | 42 | 56 |
| Pension payments | — | — | — | — | — | — | — |
| Interest and bank charges | — | — | — | 2,211 | — | — | — |
| Implementation of guarantees | — | — | — | — | — | — | — |
| Long term disability income benefits | — | — | — | — | — | — | — |
| Write-offs and losses | — | — | — | — | — | — | — |
| Railway relocation project | — | — | — | — | — | 556 | — |
| Rural mobile home program | — | — | — | — | — | — | — |
| Revolving fund losses (profits) | (117) | — | (18) | — | (7,509) | — | — |
| Total other | (54) | 53 | 30 | 2,266 | (7,467) | 42 | 56 |
| | \$186,060 | \$2,308,985 | \$ 37,899 | \$ 618,597 | \$547,050 | \$ 128,890 | \$ 1,148,234 |
| Summary: | | | | | | | |
| Voted appropriations | \$186,215 | \$2,308,985 | \$ 37,929 | \$ 618,597 | \$531,031 | \$ 128,840 | \$ 1,148,234 |
| Statutory appropriations | (155) | — | (30) | — | 16,019 | 50 | — |
| | \$186,060 | \$2,308,985 | \$ 37,899 | \$ 618,597 | \$547,050 | \$ 128,890 | \$ 1,148,234 |

GENERAL REVENUE FUND

Schedule 2.14 (cont'd)

DETAILS OF EXPENDITURE BY OBJECT (cont'd)

| | In thousands | | | | | | Total 1986 |
|--|----------------------|--|------------------|------------------------------------|------------------|---------------------|---------------------|
| | Solicitor General | Technology, Research and Telecom- munications | Tourism | Transportation and Utilities | Treasury | Total 1987 | |
| Salaries, Wages and Employee Benefits: | | | | | | | |
| Salaries - permanent positions | \$ 79,889 | \$ 1,050 | \$ 2,737 | \$ 42,781 | \$ 25,114 | \$ 785,289 | \$ 770,296 |
| Salaries - non-permanent positions | 4,546 | 43 | 1,328 | 3,084 | 1,224 | 74,095 | 61,534 |
| Wages | 3,879 | 156 | 813 | 75,815 | 1,340 | 205,654 | 222,837 |
| Payments to contract employees | 175 | 258 | 136 | 380 | 307 | 28,464 | 14,440 |
| Employer contributions | 10,179 | 169 | 533 | 10,297 | 3,279 | 114,548 | 102,471 |
| Allowances and benefits | 320 | 17 | 99 | 692 | 175 | 7,371 | 7,216 |
| Total salaries, wages and employee benefits | 98,988 | 1,693 | 5,646 | 133,049 | 31,439 | 1,215,421 | 1,178,794 |
| Supplies and Services: | | | | | | | |
| Travel expenses | 2,031 | 269 | 1,098 | 7,464 | 621 | 62,571 | 63,648 |
| Maintenance in homes | 9 | — | — | — | — | 116,982 | 61,956 |
| Advertising | 181 | 294 | 6,551 | 1,198 | 10 | 14,519 | 11,962 |
| Insurance | 9 | — | 1 | 49 | 8,994 | 10,254 | 9,928 |
| Freight and postage | 1,119 | 19 | 625 | 933 | 890 | 16,718 | 15,600 |
| Contracts for construction | — | — | — | 265,544 | — | 462,705 | 471,999 |
| Rentals | 2,402 | 185 | 149 | 95,826 | 270 | 226,217 | 233,913 |
| Telephone and communications | 565 | 17 | 120 | 2,825 | 182 | 52,989 | 52,842 |
| Repairs and maintenance - machinery and equipment | 1,676 | 4 | 47 | 3,186 | 310 | 25,106 | 25,287 |
| Contract services including professional, technical and labour services | 83,561 | 1,224 | 1,876 | 14,358 | 4,971 | 332,541 | 303,040 |
| Data processing services | 6,403 | 196 | 58 | 4,222 | 9,403 | 58,579 | 62,768 |
| Hosting | 8 | 63 | 151 | 32 | 49 | 2,373 | 2,596 |
| Other purchased services | 87 | — | 192 | 9,998 | 2,089 | 54,887 | 35,990 |
| Materials and supplies | 5,997 | 323 | 2,360 | 135,506 | 1,521 | 215,952 | 277,537 |
| Total supplies and services | 104,048 | 2,594 | 13,228 | 541,141 | 29,310 | 1,652,393 | 1,629,066 |
| Grants: | | | | | | | |
| Grants to individuals | — | — | 114 | 19,371 | 133,824 | 1,408,271 | 1,274,966 |
| Grants to businesses | — | 301 | 2,530 | 13,499 | 5,000 | 188,089 | 182,436 |
| Grants to non-profit organizations | 33 | 2,283 | 1,366 | 548 | 26 | 219,637 | 221,972 |
| Grants to own funds and agencies | 7,305 | 41,749 | — | 51,291 | 24,322 | 4,540,723 | 4,433,330 |
| Grants to other levels of government | 31,427 | — | 1,295 | 236,977 | — | 986,324 | 968,195 |
| Other grants | — | 11,853 | — | — | — | 12,752 | 5,660 |
| Total grants | 38,765 | 56,186 | 5,305 | 321,686 | 163,172 | 7,355,796 | 7,086,559 |
| Purchase of Fixed Assets: | | | | | | | |
| Purchase of real estate | — | — | — | 6,950 | 23,237 | 45,706 | 45,952 |
| Purchase of machinery and equipment | 196 | 1 | 1 | 60 | — | 9,120 | 15,458 |
| Purchase of data processing equipment | 328 | 329 | 605 | 773 | 661 | 36,908 | 18,328 |
| Purchase of audio-visual equipment | 43 | 36 | 36 | 9 | 1 | 1,052 | 1,611 |
| Purchase of reproduction equipment | 7 | 3 | — | 1 | 16 | 707 | 411 |
| Purchase of office equipment | 66 | 6 | 7 | 55 | 13 | 1,548 | 2,455 |
| Purchase of furniture | 7 | — | — | 17 | — | 6,918 | 7,599 |
| Purchase of vehicles | — | 1,500 | — | 12,263 | — | 18,537 | 11,863 |
| Purchase of other assets | 74 | — | 76 | 3 | — | 3,712 | 16,112 |
| Total purchase of fixed assets | 721 | 1,875 | 725 | 20,131 | 23,928 | 124,208 | 119,789 |
| Other: | | | | | | | |
| Payments to Members of the Legislative Assembly and Executive Council | 44 | 46 | 42 | 49 | 42 | 5,316 | 4,704 |
| Pension payments | — | — | — | — | 17 | 17 | 22 |
| Interest and bank charges | — | — | — | — | 184,704 | 187,262 | 43,173 |
| Implementation of guarantees | — | — | — | — | — | 6,164 | 4,242 |
| Long term disability income benefits | — | — | — | — | — | 2 | — |
| Write-offs and losses | — | — | — | — | — | — | 5 |
| Railway relocation project | — | — | — | — | — | 100 | 3,360 |
| Rural mobile home program | — | — | — | — | — | — | 2,332 |
| Revolving fund losses (profits) | — | — | — | (14,407) | (2,412) | (24,893) | (23,643) |
| Total other | 44 | 46 | 42 | (14,358) | 182,351 | 173,968 | 34,195 |
| | \$242,566 | \$ 62,394 | \$ 24,946 | \$ 1,001,649 | \$430,200 | \$10,521,786 | \$10,048,403 |
| Summary: | | | | | | | |
| Voted appropriations | \$242,566 | \$ 62,394 | \$ 24,946 | \$ 996,326 | \$201,163 | \$10,269,801 | \$ 9,974,684 |
| Statutory appropriations | — | — | — | 5,323 | 229,037 | 251,985 | 73,719 |
| | \$242,566 | \$ 62,394 | \$ 24,946 | \$ 1,001,649 | \$430,200 | \$10,521,786 | \$10,048,403 |

BUDGETARY EXPENDITURE - VALUATION ADJUSTMENTS

| | In thousands | |
|--|-----------------|-------------------|
| | 1987 | 1986 |
| | Budget | Expenditure |
| Provision for doubtful accounts and loans | \$50,000 | \$84,363 |
| Write-off of long-term investments | — | 10,000 |
| Write-down and write-off of marketable securities | — | 9 |
| Amortization of deferred unrealized exchange gains and losses on debt payable in United States dollars | — | (7,480) |
| | <u>\$50,000</u> | <u>\$ 283,057</u> |

NET TRANSFER TO THE PENSION FUND

| | In thousands | | | | | |
|---|------------------|------------------------------------|--|--|---------------------------------|---------------------------------|
| | Total | Local Authorities Pension Plan Act | Members of the Legislative Assembly Pension Plan Act | Public Service Management Pension Plan Act | Public Service Pension Plan Act | Special Forces Pension Plan Act |
| Receipts: | | | | | | |
| Contributions: | | | | | | |
| Employees' | \$173,222 | \$ 86,425 | \$ - | \$ 12,170 | \$ 52,746 | \$ 6,915 |
| Employers' | 196,145 | 100,292 | — | 20,552 | 51,603 | 7,733 |
| Members of the Legislative Assembly | 417 | — | 417 | — | — | — |
| Province of Alberta | 325 | — | 325 | — | — | — |
| Miscellaneous | 55 | 43 | — | — | 12 | — |
| | <u>370,164</u> | <u>186,760</u> | <u>742</u> | <u>32,722</u> | <u>104,361</u> | <u>14,648</u> |
| Payments: | | | | | | |
| Benefits: | | | | | | |
| Pensions and annuities | 195,343 | 91,049 | 1,850 | 25,852 | 58,580 | 5,988 |
| Payments to beneficiaries | 2,040 | 820 | — | 262 | 862 | — |
| | <u>197,383</u> | <u>91,869</u> | <u>1,850</u> | <u>26,114</u> | <u>59,442</u> | <u>5,988</u> |
| Withdrawals: | | | | | | |
| Contributions and interest in respect of employees leaving service | 17,419 | 9,310 | 18 | 416 | 7,453 | 187 |
| Contributions and interest in respect of employees transferred to other pension authorities without reciprocal agreements | 14,361 | 6,016 | 17 | 986 | 5,100 | 190 |
| Contributions and interest in respect of employees transferred to other pension authorities with reciprocal agreements | 2,157 | 648 | — | 634 | 537 | — |
| Refunds of excess contributions | 655 | 358 | 4 | 111 | 141 | 11 |
| | <u>34,592</u> | <u>16,332</u> | <u>39</u> | <u>2,147</u> | <u>13,231</u> | <u>388</u> |
| | <u>231,975</u> | <u>108,201</u> | <u>1,889</u> | <u>28,261</u> | <u>72,673</u> | <u>6,376</u> |
| Net transfer to the Pension Fund | <u>\$138,189</u> | <u>\$ 78,559</u> | <u>\$ (1,147)</u> | <u>\$ 4,461</u> | <u>\$ 31,688</u> | <u>\$ 8,272</u> |
| 1986 comparative figures | <u>\$134,069</u> | <u>\$ 73,152</u> | <u>\$ (640)</u> | <u>\$ 7,557</u> | <u>\$ 29,018</u> | <u>\$ 9,064</u> |

GENERAL REVENUE FUND

Schedule 2.17

DETAILS OF GUARANTEES

| | In thousands | |
|--|------------------|------------------|
| | 1987 | 1986 |
| Guaranteed Debentures (Note 1) | | |
| AEC Power Limited (Note 2(c)) | \$237,584 | \$210,139 |
| Vencap Equities Alberta Ltd. | 40,000 | 40,000 |
| | <u>277,584</u> | <u>250,139</u> |
| Guaranteed Bank, Treasury Branch and Credit Union Loans (Note 1) | | |
| Students Loan Guarantee Act | 104,563 | 98,329 |
| Farm Credit Stability Fund Act | 93,164 | — |
| 354713 Alberta Ltd. | 87,292 | — |
| Small Business Term Assistance Fund Act | 79,319 | — |
| Agricultural Societies Act | 21,358 | 23,047 |
| Feeder associations | 12,932 | 7,687 |
| Export program | 8,337 | 3,958 |
| Ribbon Creek Alpine Village | 6,016 | — |
| Time Air Limited | 4,500 | 4,500 |
| Rural utilities loans | 3,617 | 4,012 |
| Small grain dealers program | 3,520 | 3,450 |
| Irrigation Act | 3,112 | 3,521 |
| Edmonton Space Sciences Foundation | 1,150 | 1,383 |
| Farm implement dealers program | 1,078 | 726 |
| Regional Planning Commissions | 957 | 1,012 |
| Department of Culture Act | 712 | 738 |
| Saprae Creek Cooperative Ltd. | 521 | — |
| Co-operative marketing associations | 93 | 1,657 |
| Alberta School Trustees' Association Act | 55 | 164 |
| Pine Creek Marine Ltd. | 32 | — |
| Government Emergency Guarantee Act | 2 | 100 |
| AEC Power Limited | — | 34,994 |
| Southern Frontier Air Transport Ltd. and Southern Frontier Leasing Company Ltd. | — | 1,023 |
| Alberta livestock loans | — | 7 |
| Dreco Energy Services Ltd. | — | 7 |
| | <u>432,330</u> | <u>190,315</u> |
| Other Guarantees (Note 1) | | |
| Federal Loans: | | |
| Agricultural Societies Act | 17,002 | 17,484 |
| Mortgage Loans: | | |
| University of Alberta | 2,686 | 2,731 |
| Banff Centre for Continuing Education | 2,284 | 2,403 |
| University of Lethbridge | 2,203 | 2,214 |
| University of Calgary | 1,810 | 1,837 |
| | <u>25,985</u> | <u>26,669</u> |
| Grand Total (Note 2) | <u>\$735,899</u> | <u>\$467,123</u> |

Note 1 Guarantees include principal borrowings only and exclude guaranteed interest, the amount of which is not determinable.

Note 2 This amount excludes:

- (a) Guaranteed liabilities of government entities described in the table below, net of sinking funds and intra-governmental holdings:

| | 1987 | 1986 |
|--|--------------------|--------------------|
| Treasury Branches Deposits Fund | \$4,949,254 | \$4,435,885 |
| Alberta Municipal Financing Corporation | 3,252,894 | 2,978,072 |
| Alberta Government Telephones Commission | 395,329 | 455,775 |
| Alberta Mortgage and Housing Corporation | 131,393 | 140,925 |
| | <u>\$8,728,870</u> | <u>\$8,010,657</u> |

The Treasury Branches Deposits Fund and Alberta Municipal Financing Corporation have substantial financial assets to meet their liabilities. At March 31, 1987 the Treasury Branches Deposits Fund had financial assets of \$5,399,075,000 to meet guaranteed deposits of \$5,564,953,000 (1986 - \$4,399,435,000 and \$4,527,539,000), and Alberta Municipal Financing Corporation had financial assets of \$5,118,264,000 to meet guaranteed debenture debt, net of sinking funds, of \$4,663,858,000 (1986 - \$5,007,580,000 and \$4,669,722,000).

- (b) Any liability under:
the Local Authorities Pension Plan Act, the Members of the Legislative Assembly Pension Plan Act, the Public Service Management Pension Plan Act, the Public Service Pension Plan Act, the Special Forces Pension Plan Act, the Teachers' Retirement Fund Act and the Universities Academic Pension Plan Act
the long term disability income continuance plan
the international aid program
the Workers' Compensation Act.
- (c) Any obligations of the Province relative to the Syncrude project other than the guarantee of \$237,584,000 included in the preceding summary.
- (d) Any liability:
- (1) under an agreement with the Credit Union Stabilization Corporation to indemnify and fund interest to the extent necessary on notes given by a subsidiary of the Corporation in exchange for up to \$350,000,000 in properties purchased from credit unions, and on \$335,000,000 of debentures issued by a subsidiary of the Corporation to credit unions in exchange for stabilization preferred shares of the credit unions.
 - (2) under an agreement with the Canada Deposit Insurance Corporation to indemnify the Corporation for loss occurring by reason of its obligation to make payment in respect of any deposit insured by a policy of deposit insurance issued to North West Trust Company, in consideration of which the Corporation paid an amount of \$277,801,000 to North West Trust Company, evidenced by a non-interest bearing promissory note endorsed to Treasury Branches without recourse to the Corporation.
 - (3) under an agreement to indemnify North West Trust Company from any loss in the event any of the payment or performance obligations of 354713 Alberta Ltd., a company jointly owned by the Province and Treasury Branches, are not paid or performed. The company was established to finance the purchase of mortgages and real estate from North West Trust Company and Heritage Savings and Trust Company, the operations of which were acquired by North West Trust Company. The main obligations of the company that are covered by the indemnity consist of a note payable to North West Trust Company in the amount of \$62,851,000 and a commitment to purchase up to an additional \$50,000,000 of certain assets of North West Trust Company, subject to the consent of the Province.
 - (4) under the Federal Provincial Employment Loans Program, 1971, whereby the Province guaranteed federal loans to municipalities made to finance the acceleration or enlargement of certain capital development projects with the object of stimulating growth in employment, particularly during the winter months. The estimated total of guaranteed loans outstanding under the program at March 31, 1987 was \$2,737,000 (1986 - \$3,081,000).
 - (5) of the Province under its guarantee that the contractual obligations of Rocky Mountain Life Insurance Company to the Company's policy holders will be met. At December 31, 1986 the excess of liabilities, excluding amounts due to the Province, over assets of Rocky Mountain Life Insurance Company was \$37,315,000 (1985 - \$2,418,000).
 - (6) for future claims on the Alberta General Insurance Company as a result of insurance business transacted to October 31, 1984 when the Company ceased active business operations.
 - (7) under section 27(6) of the Public Trustee Act which provides that the Province guarantees that the common fund together with the special reserve fund will be sufficient for the purpose of paying lawful claims that are payable out of the common fund. For the year ended December 31, 1986 the two funds earned \$342,000 less than distributions and administration costs of \$16,563,000 (1985 - \$1,659,000 in excess of distributions and administration costs of \$13,536,000). At December 31, 1986 the total retained earnings of the two funds together amounted to \$14,962,000 (1985 - \$15,304,000).

SECTION 3

1986-87

PUBLIC ACCOUNTS

REVOLVING FUNDS - FINANCIAL STATEMENTS

| | |
|--|------|
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REVOLVING FUNDS - FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1987

Introduction:

Revolving funds are defined in section 1(1)(u) of the Financial Administration Act. The funds are authorized by the Legislative Assembly to draw from the General Revenue Fund, monies not to exceed a statutory limit at any one time, which together with receipts may be expended for specified purposes. The funds represent either a line of credit to be drawn as required on the General Revenue Fund or a segregation of cash advanced from the General Revenue Fund.

Receipts are generated by the provision of services or sale of materials to other branches within a department, to other departments of the Government or to the public.

The estimated net increase of a fund, exclusive of increases in cash or financial claims held and financial claims on the fund, is disclosed in the Province's budget as a statutory payment from the General Revenue Fund. To reflect this in the accounts of the General Revenue Fund the financial assets and liabilities of revolving funds are included in the Statement of Reported Assets, Liabilities and Net Debt. Net payments from the fund, adjusted for changes in financial assets and liabilities, are disclosed as statutory appropriations in the Statement of Budgetary Revenue and Expenditure, Section 2, Statement 2.2.

CULTURE REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations and Deficit
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Gross Profit by Sales Location

AUDITOR'S REPORT

To the Minister of Culture and Multiculturalism

I have examined the balance sheet of the Culture Revolving Fund as at March 31, 1987 and the statements of operations and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 17, 1987

CULTURE REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--------------------------------|------------------|------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 9,275 | \$ 9,375 |
| Accounts receivable | 22,829 | 4,933 |
| Inventories | 126,397 | 134,982 |
| Prepaid expenses | 19,377 | 17,098 |
| | <u>177,878</u> | <u>166,388</u> |
| Fixed: | | |
| Equipment, at cost | 39,503 | 40,049 |
| Less: Accumulated depreciation | <u>21,248</u> | <u>15,345</u> |
| | 18,255 | 24,704 |
| | <u>\$196,133</u> | <u>\$191,092</u> |
| LIABILITIES AND DEFICIT | | |
| Current: | | |
| Accounts payable | \$ 21,077 | \$ 42,021 |
| Provincial Treasurer's advance | 249,826 | 186,255 |
| Deficit | <u>(74,770)</u> | <u>(37,184)</u> |
| | <u>\$196,133</u> | <u>\$191,092</u> |

The accompanying notes are part
of these financial statements.

CULTURE REVOLVING FUND
STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|---------------------------------------|------------------|------------------|
| Sales, Schedule 1 | <u>\$745,350</u> | <u>\$733,233</u> |
| Deduct: | | |
| Cost of goods sold: | | |
| Inventory at beginning of year | 134,982 | 130,828 |
| Purchases | <u>329,997</u> | <u>282,937</u> |
| | 464,979 | 413,765 |
| Less: Inventory at end of year | <u>126,397</u> | <u>134,982</u> |
| | 338,582 | 278,783 |
| Gross profit, Schedule 1 | <u>406,768</u> | <u>454,450</u> |
| Expenses: | | |
| Salaries, wages and employee benefits | 411,379 | 430,355 |
| Sales supplies | 12,585 | 12,418 |
| Depreciation | 6,271 | 4,905 |
| Advertising | 4,510 | — |
| Laundry | 3,417 | 3,263 |
| Other staff costs | 1,824 | 1,635 |
| Printing and processing | 1,467 | 1,601 |
| Repairs, maintenance and rentals | 1,273 | 1,257 |
| Stationery and office supplies | 1,000 | 1,606 |
| Miscellaneous | <u>628</u> | <u>532</u> |
| | 444,354 | 457,572 |
| Net loss for the year | 37,586 | 3,122 |
| Deficit at beginning of year | 37,184 | 34,062 |
| Deficit at end of year | <u>\$ 74,770</u> | <u>\$ 37,184</u> |

CULTURE REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|--|-----------------|-----------------|
| Operating activities: | | |
| Net loss for the year | \$ (37,586) | \$ (3,122) |
| Add items not involving cash movements: | | |
| Depreciation | 6,271 | 4,905 |
| | (31,315) | 1,783 |
| Net change in non-cash working capital items related to operations | (32,534) | (678) |
| Cash provided by (used in) operating activities | (63,849) | 1,105 |
| Financing activities: | | |
| Advances from the Provincial Treasurer | 794,455 | 739,132 |
| Repayment of advances from the Provincial Treasurer | (730,884) | (737,003) |
| Cash provided by financing activities | 63,571 | 2,129 |
| Investing activities: | | |
| Disposal (acquisition) of fixed assets | 156 | (2,234) |
| Disposal proceeds | 22 | — |
| Cash provided by (used in) investing activities | 178 | (2,234) |
| Net increase (decrease) in cash | (100) | 1,000 |
| Cash at beginning of year | 9,375 | 8,375 |
| Cash at end of year | <u>\$ 9,275</u> | <u>\$ 9,375</u> |

CULTURE REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

- Note 1 Authority
The Culture Revolving Fund operates under the authority of the Department of Culture and Multiculturalism Act, Chapter D-15, Revised Statutes of Alberta 1980, as amended.
- Note 2 Significant Accounting Policies
Inventories
Inventories are valued at the lower of cost and estimated net realizable value.
Depreciation
Equipment is depreciated on a straight-line basis at rates of 10% and 25% per annum.
- Note 3 Administration Costs
Accommodation, basic office furnishings, and certain other administrative costs have been borne by the General Revenue Fund and are not reflected in these financial statements.
- Note 4 Comparative Figures
The 1986 figures have been reclassified where necessary to conform to 1987 presentation.
- Note 5 Approval of Financial Statements
These financial statements were approved by management.

CULTURE REVOLVING FUND
SCHEDULE OF GROSS PROFIT
BY SALES LOCATION
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | | | 1986 | | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Sales | Cost of Sales | Gross Profit | Sales | Cost of Sales | Gross Profit |
| Jubilee Auditoriums: | | | | | | |
| Northern: | | | | | | |
| Beverages | \$171,759 | \$ 52,439 | \$119,320 | \$181,916 | \$ 51,396 | \$130,520 |
| Commissary | 102,501 | 39,954 | 62,547 | 108,043 | 39,687 | 68,356 |
| | <u>274,260</u> | <u>92,393</u> | <u>181,867</u> | <u>289,959</u> | <u>91,083</u> | <u>198,876</u> |
| Southern: | | | | | | |
| Beverages | 158,126 | 47,558 | 110,568 | 186,618 | 52,049 | 134,569 |
| Commissary | 102,597 | 48,860 | 53,737 | 118,116 | 52,602 | 65,514 |
| | <u>260,723</u> | <u>96,418</u> | <u>164,305</u> | <u>304,734</u> | <u>104,651</u> | <u>200,083</u> |
| | <u>534,983</u> | <u>188,811</u> | <u>346,172</u> | <u>594,693</u> | <u>195,734</u> | <u>398,959</u> |
| Provincial Museum and Archives: | | | | | | |
| Bookshop: | | | | | | |
| Books | 105,646 | 66,118 | 39,528 | 88,920 | 55,207 | 33,713 |
| Publications | 1,153 | 264 | 889 | 1,304 | 1,018 | 286 |
| Prints and miscellaneous | 83,961 | 75,218 | 8,743 | 28,841 | 19,247 | 9,594 |
| | <u>190,760</u> | <u>141,600</u> | <u>49,160</u> | <u>119,065</u> | <u>75,472</u> | <u>43,593</u> |
| Archives: | | | | | | |
| Reproduction | 19,607 | 8,171 | 11,436 | 19,475 | 7,577 | 11,898 |
| | <u>210,367</u> | <u>149,771</u> | <u>60,596</u> | <u>138,540</u> | <u>83,049</u> | <u>55,491</u> |
| | <u>\$745,350</u> | <u>\$338,582</u> | <u>\$406,768</u> | <u>\$733,233</u> | <u>\$278,783</u> | <u>\$454,450</u> |

EDUCATION REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations and Surplus (Deficit)
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Education

I have examined the balance sheet of the Education Revolving Fund as at March 31, 1987 and the statements of operations and surplus (deficit) and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Education Revolving Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
July 3, 1987

REVOLVING FUNDS

EDUCATION REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|---------------------------|---------------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 42,860 | \$ 8,111 |
| Accounts receivable | 989,106 | 1,043,794 |
| Inventory | 6,845,482 | 5,691,274 |
| Prepaid expenses | 199,728 | 75,309 |
| | <u>8,077,176</u> | <u>6,818,488</u> |
| Fixed (Note 3) | 739,162 | 411,453 |
| | <u><u>\$8,816,338</u></u> | <u><u>\$7,229,941</u></u> |
| LIABILITIES | | |
| Current: | | |
| Accounts payable and accrued liabilities | \$ 622,115 | \$ 284,104 |
| Provincial Treasurer's advance (Note 4) | 8,271,507 | 6,880,556 |
| Surplus (deficit) | <u>(77,284)</u> | <u>65,281</u> |
| | <u><u>\$8,816,338</u></u> | <u><u>\$7,229,941</u></u> |

The accompanying notes are part
of these financial statements.

EDUCATION REVOLVING FUND
STATEMENT OF OPERATIONS AND SURPLUS (DEFICIT)
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|---------------------------|--------------------------|
| Revenue: | | |
| Sales (Note 6) | \$19,065,067 | \$18,126,258 |
| Deduct: Cost of goods sold: | | |
| Inventory at beginning of year | 5,691,274 | 5,327,108 |
| Purchases | 17,699,689 | 16,413,517 |
| Freight and duty | 141,981 | 129,162 |
| | <u>23,532,944</u> | <u>21,869,787</u> |
| Less: Inventory at end of year | 6,845,482 | 5,691,274 |
| | <u><u>16,687,462</u></u> | <u><u>16,178,513</u></u> |
| Gross profit on sales | 2,377,605 | 1,947,745 |
| Sundry revenue | 40,028 | 33,081 |
| | <u><u>2,417,633</u></u> | <u><u>1,980,826</u></u> |
| Expenses: | | |
| Salaries, wages and contract services | 1,673,633 | 1,592,072 |
| Employee benefits | 178,622 | 162,374 |
| Consultants fees | 168,937 | 62,083 |
| Printing and supplies | 164,750 | 99,286 |
| Depreciation | 112,810 | 93,973 |
| Freight on sales | 83,262 | 83,731 |
| Repairs and maintenance | 74,560 | 40,884 |
| Loss on disposal and retirement of fixed assets | 38,853 | 228 |
| Postage | 36,885 | 36,463 |
| Travel | 9,677 | 13,345 |
| Vehicles | 6,907 | 8,170 |
| Telephone and telegraph | 3,454 | 2,733 |
| Miscellaneous | 7,848 | 8,234 |
| | <u><u>2,560,198</u></u> | <u><u>2,203,576</u></u> |
| Net loss for the year | (142,565) | (222,750) |
| Surplus at beginning of year | 65,281 | 288,031 |
| Surplus (deficit) at end of year | <u><u>\$ (77,284)</u></u> | <u><u>\$ 65,281</u></u> |

EDUCATION REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|---------------------|---------------------|
| Cash provided by (used in) operating activities: | | |
| Net loss | \$ (142,565) | \$ (222,750) |
| Add items not involving cash: | | |
| Depreciation | 112,810 | 93,973 |
| Loss on disposal and retirement of fixed assets | <u>38,853</u> | <u>228</u> |
| | 9,098 | (128,549) |
| Net change in non-cash working capital items related to operations | <u>(885,928)</u> | <u>(267,799)</u> |
| | <u>(876,830)</u> | <u>(396,348)</u> |
| Cash provided by (used in) financing activities: | | |
| Advances from the Provincial Treasurer | 20,881,447 | 19,197,509 |
| Repayment of advances from the Provincial Treasurer | <u>(19,490,496)</u> | <u>(18,424,560)</u> |
| | <u>1,390,951</u> | <u>772,949</u> |
| Cash provided by (used in) investment activities: | | |
| Purchase of fixed assets | (479,710) | (377,741) |
| Sale of fixed assets | <u>338</u> | <u>290</u> |
| | <u>(479,372)</u> | <u>(377,451)</u> |
| Net increase (decrease) in cash | 34,749 | (850) |
| Cash at beginning of year | <u>8,111</u> | <u>8,961</u> |
| Cash at end of year | <u>\$ 42,860</u> | <u>\$ 8,111</u> |

EDUCATION REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Education Revolving Fund operates under the authority of the Department of Education Act, Chapter D-17, Revised Statutes of Alberta 1980, as amended. Effective April 11, 1986 the Fund changed its operating name to the Learning Resources Distributing Centre, from the previous operating name of the School Book Branch.

Note 2 Significant Accounting Policies

a) Inventory

Inventory is valued at the lower of cost, determined on a first-in, first-out basis, and estimated net realizable value.

b) Depreciation

Fixed assets are depreciated to 10% of cost on a straight-line basis at the following annual rates:

| | |
|--------------------------------|-----|
| Warehouse and office equipment | 10% |
| Computer hardware and software | 20% |

Note 3 Fixed Assets

| | 1987 | | | 1986 |
|-----------------------------------|--------------------|-----------------------------|------------------|------------------|
| | Cost | Accumulated Depreciation | Net | Net |
| Warehouse and office equipment | \$ 237,969 | \$ 61,706 | \$176,263 | \$ 73,633 |
| Computer hardware and software | 927,094 | 364,195 | 562,899 | 337,820 |
| | <u>\$1,165,063</u> | <u>\$425,901</u> | <u>\$739,162</u> | <u>\$411,453</u> |

Note 4 Provincial Treasurer's Advance

Under the provisions of the Department of Education Act and the Financial Administration Act, the Fund receives non-interest bearing advances from the General Revenue Fund as required for operations, to a maximum of \$40,000,000 and repays such advances as monies are received from the sale of learning resources.

Note 5 Commitment

Under the terms of an agreement dated December 13, 1985, the Fund is committed to the payment of \$805,000 for the redevelopment of and revisions to specific learning resources. At March 31, 1987, \$120,500 has been paid and is included in these statements as prepaid expenses.

Note 6 Sales

Sales include \$2,768,789 (1986 \$2,536,102) contributed by the Province of Alberta in respect of an additional discount allowed to school districts and divisions, counties and approved schools in respect of learning resources acquired for loan or rent.

Note 7 Administration Costs

Certain office and warehouse furniture, equipment and accommodation costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 8 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 9 Approval of Financial Statements

These financial statements were approved by management.

WATER RESOURCES REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations and Deficit
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Environment

I have examined the balance sheet of the Water Resources Revolving Fund as at March 31, 1987 and the statement of operations and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
June 12, 1987

REVOLVING FUNDS

WATER RESOURCES REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|--------------------|--------------------|
| ASSETS | | |
| Current: | | |
| Accounts receivable | \$ 379,617 | \$ 385,355 |
| Materials | 258,092 | 304,291 |
| Prepaid expenses | <u>2,149</u> | <u>2,299</u> |
| | 639,858 | 691,945 |
| Other: | | |
| Rental equipment (Note 3) | 2,917,335 | 2,925,846 |
| Maintenance and office equipment (Note 4) | <u>55,451</u> | <u>62,175</u> |
| | <u>\$3,612,644</u> | <u>\$3,679,966</u> |
| LIABILITIES AND DEFICIT | | |
| Accounts payable | \$ 161,257 | \$ 197,682 |
| Advances from the General Revenue Fund | <u>3,514,140</u> | <u>3,516,247</u> |
| | 3,675,397 | 3,713,929 |
| Deficit | <u>(62,753)</u> | <u>(33,963)</u> |
| | <u>\$3,612,644</u> | <u>\$3,679,966</u> |

The accompanying notes are part
of these financial statements.

WATER RESOURCES REVOLVING FUND
STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|--------------------|--------------------|
| Revenue: | | |
| Material and gas sales | \$ 425,307 | \$ 307,772 |
| Less: Cost of goods sold | <u>411,782</u> | <u>283,155</u> |
| | 13,525 | 24,617 |
| Gross profit on sales | <u>1,930,786</u> | <u>1,928,129</u> |
| Equipment rental | <u>1,944,311</u> | <u>1,952,746</u> |
| Expenses: | | |
| Operation of equipment | 1,096,207 | 1,159,698 |
| Depreciation | 519,930 | 495,569 |
| Equipment rental | 320,896 | 321,786 |
| Repair and maintenance operations | 45,127 | 43,986 |
| Administration | <u>27,639</u> | <u>30,158</u> |
| | <u>2,009,799</u> | <u>2,051,197</u> |
| Operating loss | (65,488) | (98,451) |
| Gain on disposal of equipment | <u>36,698</u> | <u>25,838</u> |
| Deficit for the year | (28,790) | (72,613) |
| Surplus (deficit) at beginning of year | <u>(33,963)</u> | <u>38,650</u> |
| Deficit at end of year | <u>\$ (62,753)</u> | <u>\$ (33,963)</u> |

WATER RESOURCES REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Water Resources Revolving Fund operates under the authority of the Water Resources Act, Chapter W-5, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of each type of equipment.

(b) Major overhauls

Major overhauls, significantly extending the life of equipment, are depreciated on a straight-line basis over the remaining useful life of the equipment.

(c) Materials inventory

Materials are valued at weighted average cost.

(d) Leases

All leases with respect to the rental and maintenance of equipment, as lessee or lessor, can be cancelled at the end of any fiscal year and are therefore accounted for as operating leases.

(e) Administration and other costs

Salaries, wages, rental charges for the Edmonton, Lethbridge, Grande Prairie and Peace River warehouses and certain overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

(f) Changes in financial position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Rental Equipment

| | <u>1987</u> | <u>1986</u> |
|--------------------------|--------------------|--------------------|
| Cost | \$6,355,539 | \$5,960,148 |
| Accumulated depreciation | <u>3,438,204</u> | <u>3,034,302</u> |
| | <u>\$2,917,335</u> | <u>\$2,925,846</u> |

Note 4 Maintenance and Office Equipment

| | <u>1987</u> | <u>1986</u> |
|--------------------------|------------------|------------------|
| Cost | \$231,927 | \$207,309 |
| Accumulated depreciation | <u>176,476</u> | <u>145,134</u> |
| | <u>\$ 55,451</u> | <u>\$ 62,175</u> |

Note 5 Approval of Financial Statements

These financial statements were approved by management.

FORESTRY, LANDS AND WILDLIFE REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations and Deficit
Notes to the Financial Statements
Schedule of Operating Expenses
Schedule of Net Income (Loss)

AUDITOR'S REPORT

To the Minister of Forestry,
Lands and Wildlife

I have examined the balance sheet of the Forestry, Lands and Wildlife Revolving Fund as at March 31, 1987 and the statement of operations and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 30, 1987

FORESTRY, LANDS AND WILDLIFE REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|-------------------|-------------------|
| ASSETS | | |
| Current: | | |
| Accounts receivable | \$ 187,039 | \$ 196,301 |
| Inventories (Note 3) | <u>520,385</u> | <u>565,447</u> |
| | <u>707,424</u> | <u>761,748</u> |
| Fixed: (Note 4) | | |
| Equipment, at cost | 147,036 | 139,866 |
| Less: Accumulated depreciation | <u>69,291</u> | <u>33,281</u> |
| | <u>77,745</u> | <u>106,585</u> |
| | <u>\$ 785,169</u> | <u>\$ 868,333</u> |
| LIABILITIES AND DEFICIT | | |
| Current: | | |
| Accounts payable | \$ 134,417 | \$ 118,600 |
| Deferred revenue | <u>2,763</u> | <u>957</u> |
| | 137,180 | 119,557 |
| Provincial Treasurer's advance (Note 5) | 698,834 | 880,978 |
| Deficit | <u>(50,845)</u> | <u>(132,202)</u> |
| | <u>\$ 785,169</u> | <u>\$ 868,333</u> |

The accompanying notes are part
of these financial statements.

FORESTRY, LANDS AND WILDLIFE REVOLVING FUND
STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|--------------------|---------------------|
| REVENUE | | |
| Sales | \$1,551,831 | \$1,448,943 |
| Cost of goods sold | <u>635,144</u> | <u>669,314</u> |
| Gross profit | 916,687 | 779,629 |
| Thematic services | 33,426 | 59,061 |
| Miscellaneous | <u>29,606</u> | <u>11,142</u> |
| | 979,719 | 849,832 |
| EXPENDITURE | | |
| Operating expenses, Schedule 1 | <u>898,362</u> | <u>982,034</u> |
| Net income (loss) for the year, Schedule 2 | 81,357 | (132,202) |
| Deficit at beginning of year | <u>(132,202)</u> | <u>—</u> |
| Deficit at end of year | <u>\$ (50,845)</u> | <u>\$ (132,202)</u> |

FORESTRY, LANDS AND WILDLIFE REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Forestry, Lands and Wildlife Revolving Fund operates under the authority of the Department of Forestry, Lands and Wildlife Act, Chapter D-20.5, Statutes of Alberta 1986. The Revolving Fund commenced operations on April 1, 1985 under the Energy and Natural Resources Act.

Note 2 Significant Accounting Policies

a) Inventories

Inventories for resale and consumable supplies are valued at the lower of cost or net realizable value.

b) Depreciation

Fixed assets are depreciated on a straight-line basis over the estimated useful life of the assets as follows:

| | |
|--|---------------|
| Film processing equipment | 3 to 20 years |
| Data processing and distribution equipment | 3 to 5 years |

c) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Inventories

Inventories are summarized as follows:

| | 1987 | 1986 |
|------------------------|------------------|------------------|
| Inventories for resale | \$411,844 | \$456,927 |
| Consumable supplies | 108,541 | 108,520 |
| | <u>\$520,385</u> | <u>\$565,447</u> |

Note 4 Fixed Assets

Fixed assets are summarized as follows:

| | 1987 | | | 1986 |
|-----------------|------------------|-----------------------------|-----------------|------------------|
| | Cost | Accumulated Depreciation | Net | Net |
| Film processing | \$ 71,057 | \$29,811 | \$41,246 | \$ 52,746 |
| Data processing | 47,543 | 24,230 | 23,313 | 36,405 |
| Distribution | 28,436 | 15,250 | 13,186 | 17,434 |
| | <u>\$147,036</u> | <u>\$69,291</u> | <u>\$77,745</u> | <u>\$106,585</u> |

Fixed assets originally purchased by the General Revenue Fund were transferred to the Revolving Fund at the net book value of \$97,476 at April 1, 1985.

Note 5 Provincial Treasurer's Advance

Amounts advanced by the Provincial Treasurer comprise:

| | 1987 | 1986 |
|--|------------------|------------------|
| - Advances from the General Revenue Fund | \$ 85,504 | \$267,648 |
| - Accounts due to the General Revenue Fund in respect to the inventories and fixed assets transferred from the Department of Forestry Lands and Wildlife | 613,330 | 613,330 |
| | <u>\$698,834</u> | <u>\$880,978</u> |

Note 6 Administration Costs

Accommodation, basic office furnishings and certain administrative salary costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 7 Approval of Financial Statements

These financial statements were approved by management.

FORESTRY, LANDS AND WILDLIFE REVOLVING FUND
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|---|------------------|------------------|
| Manpower | \$729,725 | \$717,228 |
| Supplies | 43,812 | 53,102 |
| Depreciation | 36,010 | 33,281 |
| Professional, technical and labour services | 17,377 | 57,842 |
| Rentals | 14,713 | 23,049 |
| Damaged goods | 12,813 | 10,022 |
| Freight and postage | 8,412 | 3,723 |
| Repairs and maintenance | 3,695 | 5,620 |
| Bad debts | 2,607 | 9,800 |
| Travel | 2,185 | 1,036 |
| Communication | 1,703 | 641 |
| Advertising and promotion | 1,183 | 57,140 |
| Data processing | 354 | — |
| Miscellaneous | 23,773 | 9,550 |
| | <u>\$898,362</u> | <u>\$982,034</u> |

FORESTRY, LANDS AND WILDLIFE REVOLVING FUND
SCHEDULE OF NET INCOME (LOSS)
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | | | | | 1986 | |
|--|--------------------|------------------|---------------------|-----------------|--------------------|-------------------------|-------------------------|
| | Sales | Cost of Sales | Gross Profit (Loss) | Other Revenue | Operating Expenses | Operating Income (Loss) | Operating Income (Loss) |
| Alberta Bureau of Surveying and Mapping: | | | | | | | |
| Maps Alberta: | | | | | | | |
| Maps | \$ 384,863 | \$ 94,731 | \$290,132 | \$ — | \$191,273 | \$ 98,859 | \$ 35,268 |
| Airphotos | 497,681 | 187,094 | 310,587 | — | 174,477 | 136,110 | 63,188 |
| Warehouse | 197,292 | 102,337 | 94,955 | — | 126,822 | (31,867) | (12,925) |
| Administration | — | — | — | 27,528 | 253,565 | (226,037) | (274,421) |
| | <u>1,079,836</u> | <u>384,162</u> | <u>695,674</u> | <u>27,528</u> | <u>746,137</u> | <u>(22,935)</u> | <u>(188,890)</u> |
| Technical services: | | | | | | | |
| Laboratory | 339,294 | 132,900 | 206,394 | 2,078 | 120,607 | 87,865 | 39,130 |
| Survey data | 21,115 | — | 21,115 | — | 4,217 | 16,898 | 12,268 |
| | <u>360,409</u> | <u>132,900</u> | <u>227,509</u> | <u>2,078</u> | <u>124,824</u> | <u>104,763</u> | <u>51,398</u> |
| Thematic services | — | — | — | 33,426 | 27,401 | 6,025 | 7,209 |
| | <u>1,440,245</u> | <u>517,062</u> | <u>923,183</u> | <u>63,032</u> | <u>898,362</u> | <u>87,853</u> | <u>(130,283)</u> |
| Public Lands: | | | | | | | |
| Public grazing services | 111,586 | 118,082 | (6,496) | — | — | (6,496) | (1,919) |
| Operating results of the Fund | <u>\$1,551,831</u> | <u>\$635,144</u> | <u>\$916,687</u> | <u>\$63,032</u> | <u>\$898,362</u> | <u>\$ 81,357</u> | <u>\$(132,202)</u> |

PERSONNEL ADMINISTRATION REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Surplus
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister Responsible for
Personnel Administration

I have examined the balance sheet of the Personnel Administration Revolving Fund as at March 31, 1987 and the statements of revenue, expenditure and surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
May 31, 1987

PERSONNEL ADMINISTRATION REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--------------------------------|------------------|------------------|
| ASSETS | | |
| Current: | | |
| Accounts receivable | \$106,946 | \$188,421 |
| Inventories | <u>141,089</u> | <u>158,837</u> |
| | <u>248,035</u> | <u>347,258</u> |
| Fixed: | | |
| Fixed assets, at cost | 17,686 | 11,607 |
| Less: Accumulated depreciation | <u>6,959</u> | <u>3,421</u> |
| | <u>10,727</u> | <u>8,186</u> |
| | <u>\$258,762</u> | <u>\$355,444</u> |
| LIABILITIES AND SURPLUS | | |
| Current: | | |
| Accounts payable | \$ 20,450 | \$ 59,156 |
| Provincial Treasurer's advance | <u>28,514</u> | <u>101,150</u> |
| | <u>48,964</u> | <u>160,306</u> |
| Surplus | <u>209,798</u> | <u>195,138</u> |
| | <u>\$258,762</u> | <u>\$355,444</u> |

The accompanying notes are part
of these financial statements.

PERSONNEL ADMINISTRATION REVOLVING FUND
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|------------------|------------------|
| REVENUE | | |
| Course fees | <u>\$774,747</u> | <u>\$949,184</u> |
| EXPENDITURE | | |
| Professional, technical and labour services | 525,005 | 592,831 |
| Materials and supplies | 158,907 | 158,882 |
| Rental of facilities and equipment | 51,843 | 72,572 |
| Travel | 17,284 | 15,137 |
| Freight and postage | 1,660 | 3,867 |
| Depreciation | 3,538 | 2,321 |
| Miscellaneous | <u>1,850</u> | <u>1,390</u> |
| | <u>760,087</u> | <u>847,000</u> |
| Excess of revenue over expenditure | 14,660 | 102,184 |
| Surplus at beginning of year | <u>195,138</u> | <u>92,954</u> |
| Surplus at end of year | <u>\$209,798</u> | <u>\$195,138</u> |

PERSONNEL ADMINISTRATION REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|--------------------|--------------------|
| Operating: | | |
| Excess of revenue over expenditure | \$ 14,660 | \$ 102,184 |
| Depreciation | 3,538 | 2,321 |
| | <u>18,198</u> | <u>104,505</u> |
| (Increase) decrease in current assets | 99,223 | (75,897) |
| Decrease in accounts payable | <u>(38,706)</u> | <u>(2,284)</u> |
| Cash provided by operations | 78,715 | 26,324 |
| Investing: | | |
| Purchase of fixed assets | <u>(6,079)</u> | <u>(6,107)</u> |
| Net decrease in Provincial Treasurer's advance | 72,636 | 20,217 |
| Provincial Treasurer's advance at beginning of year | <u>(101,150)</u> | <u>(121,367)</u> |
| Provincial Treasurer's advance at end of year | <u>\$ (28,514)</u> | <u>\$(101,150)</u> |

PERSONNEL ADMINISTRATION REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

- Note 1 Authority
The Personnel Administration Revolving Fund operates under the authority of the Public Service Act, Chapter P-31, Revised Statutes of Alberta 1980.
- Note 2 Summary of Significant Accounting Policies
- (a) Inventory
Inventory is valued at the lower of cost or estimated net realizable value.
- (b) Depreciation
Fixed assets are depreciated on a straight line basis at the rate of 20% per annum.
- Note 3 Comparative Figures
The 1986 figures have been reclassified where necessary to conform to 1987 presentation.
- Note 4 Approval of Financial Statements
These financial statements were approved by management.

PUBLIC WORKS, SUPPLY AND SERVICES REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Net Income and Surplus
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Net Income

AUDITOR'S REPORT

To the Minister of
Public Works, Supply and Services

I have examined the balance sheet of the Public Works, Supply and Services Revolving Fund as at March 31, 1987 and the statements of net income and surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 6, 1987

PUBLIC WORKS, SUPPLY AND SERVICES REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|-----------------------------------|---------------------|---------------------|
| ASSETS | | |
| Current: | | |
| Accounts receivable | \$13,637,970 | \$22,289,449 |
| Inventories | 4,094,601 | 4,520,660 |
| Prepaid expenses | 681,451 | 306,403 |
| | <u>18,414,022</u> | <u>27,116,512</u> |
| Other: | | |
| Deposits on aircraft (Note 3) | 13,284,305 | 11,599,140 |
| Net investment in leases (Note 4) | 3,213,566 | 6,406,261 |
| | <u>16,497,871</u> | <u>18,005,401</u> |
| Fixed: (Note 5) | | |
| Fixed assets, at cost | 99,901,425 | 85,898,622 |
| Less: Accumulated depreciation | 43,225,188 | 42,386,002 |
| | <u>56,676,237</u> | <u>43,512,620</u> |
| | <u>\$91,588,130</u> | <u>\$88,634,533</u> |
| LIABILITIES AND SURPLUS | | |
| Current: | | |
| Accounts payable | \$ 3,456,666 | \$ 5,248,037 |
| Provincial Treasurer's advance | 65,753,069 | 56,594,270 |
| Surplus | 22,378,395 | 26,792,226 |
| | <u>\$91,588,130</u> | <u>\$88,634,533</u> |

The accompanying notes are part
of these financial statements.

PUBLIC WORKS, SUPPLY AND SERVICES REVOLVING FUND
STATEMENT OF NET INCOME AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|---|---------------------|---------------------|
| Service revenue, Schedule 1 | \$59,814,655 | \$72,377,194 |
| Gross profit on sales, Schedule 1 | 4,251,514 | 5,383,627 |
| | <u>64,066,169</u> | <u>77,760,821</u> |
| Operating expenses: | | |
| Manpower | 19,552,975 | 21,313,217 |
| Depreciation | 11,922,872 | 10,085,703 |
| Rentals | 11,280,945 | 14,539,438 |
| Repairs and maintenance | 5,316,834 | 5,850,614 |
| Equipment leasing and financing | 3,698,178 | 6,582,541 |
| Telephone and communications | 3,276,762 | 3,834,662 |
| Materials and supplies | 2,179,627 | 2,918,240 |
| Data processing | 960,619 | 874,105 |
| Professional, technical and labour services | 727,129 | 1,040,323 |
| Freight and postage | 456,998 | 679,312 |
| Travel | 104,186 | 155,856 |
| Miscellaneous | 38,061 | 49,540 |
| | <u>59,515,186</u> | <u>67,923,551</u> |
| Net income, Schedule 1 | 4,550,983 | 9,837,270 |
| Surplus at beginning of year | 26,792,226 | 17,179,234 |
| | 31,343,209 | 27,016,504 |
| Remittance to the Provincial Treasurer | 8,964,814 | 224,278 |
| Surplus at end of year | <u>\$22,378,395</u> | <u>\$26,792,226</u> |

PUBLIC WORKS, SUPPLY AND SERVICES REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|--|-----------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Cash from operations: | | |
| Net income | \$ 4,550,983 | \$ 9,837,270 |
| Charges (credits) not affecting cash: | | |
| Depreciation | 11,922,872 | 10,085,703 |
| Gain on disposal of fixed assets, net | (109,273) | (814,490) |
| | <u>16,364,582</u> | <u>19,108,483</u> |
| Changes in working capital relating to operations: | | |
| Accounts receivable | 8,651,479 | 504,649 |
| Inventories | 426,059 | 226,016 |
| Prepaid expense | (375,048) | 55,648 |
| Accounts payable | (1,791,371) | (1,165,761) |
| Net cash arising from operations | <u>23,275,701</u> | <u>18,729,035</u> |
| CAPITAL ACTIVITIES | | |
| Deposits on aircraft | (1,685,165) | (2,531,299) |
| Investment in leases, net | 3,192,695 | (412,760) |
| Purchase of fixed assets | (27,491,071) | (17,497,055) |
| Proceeds on sale of fixed assets | 2,513,855 | 7,680,450 |
| | <u>(23,469,686)</u> | <u>(12,760,664)</u> |
| Remittance to Provincial Treasurer | (8,964,814) | (224,278) |
| | <u>(32,434,500)</u> | <u>(12,984,942)</u> |
| (INCREASE) DECREASE IN PROVINCIAL TREASURER'S ADVANCE | <u>\$ (9,158,799)</u> | <u>\$ 5,744,093</u> |

PUBLIC WORKS, SUPPLY AND SERVICES REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Public Works, Supply and Services Revolving Fund operates under the authority of the Department of Public Works, Supply and Services Act, Chapter D-25.5, Statutes of Alberta 1983.

Note 2 Significant Accounting Policies

(a) General

These financial statements reflect all operations of the Department of Public Works, Supply and Services which were financed by the Revolving Fund. The Fund finances part of the operations of Information Services, Supply Management and Properties.

All internal transactions have been eliminated in the preparation of these financial statements.

(b) Administration Expenses

Accommodation, basic office furnishings, certain administrative salaries and other administrative expenses are provided by the General Revenue Fund of the Province of Alberta at no cost and, accordingly, are not reflected in these financial statements.

(c) Depreciation

Fixed assets are depreciated on a straight-line basis over their estimated useful life. The estimated useful life for major asset categories is as follows:

| | |
|------------------------|---------------|
| Computer hardware | 3 to 6 years |
| Computer software | 3 or 5 years |
| Automobiles and trucks | 3 to 8 years |
| Aircraft | 12 years |
| Other equipment | 5 to 10 years |

Major assets within the above categories are periodically reviewed for changes in estimated useful life or salvage value.

(d) Inventories

Inventories are valued at cost.

(e) Leases

During the year, the Fund continued leasing equipment to government users. The cost of the equipment is recovered from the lessees during the lease period. The payments received are deducted from the cost, which is shown on the balance sheet as net investment in leases. For financial presentation purposes the payments received are also included in the income statement as service revenue and as operating expenses.

Leases entered into by the Fund for the rental and maintenance of equipment are accounted for as operating leases.

Note 3 Deposits on Aircraft

Deposits on aircraft relate to progress payments made towards purchase of two aircraft with a total cost of \$13,493,170 in accordance with the latest change order dated April 30, 1987. The final balance of \$208,865 is payable in 1987-88.

Note 4 Net Investment in Leases

Cumulative transactions for the equipment leasing and financing activity were as follows:

| | 1987 | 1986 |
|--|---------------------|---------------------|
| Cost of equipment acquired for leasing | \$16,259,505 | \$15,754,021 |
| Less cost of equipment transferred to lessee | <u>4,032,660</u> | <u>—</u> |
| | 12,226,845 | 15,754,021 |
| Administration charges earned | <u>10,817</u> | <u>17,334</u> |
| | 12,237,662 | 15,771,355 |
| Less amount received | <u>9,024,096</u> | <u>9,365,094</u> |
| Total net investment in leases | <u>\$ 3,213,566</u> | <u>\$ 6,406,261</u> |

The lease payments are receivable during the following years:

| | 1987 | 1986 |
|---------|--------------------|--------------------|
| 1986-87 | \$ — | \$3,634,380 |
| 1987-88 | 2,843,867 | 2,510,254 |
| 1988-89 | 355,533 | 261,627 |
| 1989-90 | <u>14,166</u> | <u>—</u> |
| | <u>\$3,213,566</u> | <u>\$6,406,261</u> |

Note 5 Fixed Assets

Fixed assets are summarized as follows:

| | 1987 | | 1986 | |
|--------------------------------------|---------------------|--------------------------|---------------------|---------------------|
| | Cost | Accumulated Depreciation | Net | Net |
| Automobiles and trucks | \$41,008,058 | \$18,633,334 | \$22,374,724 | \$24,671,822 |
| Computer hardware | 35,825,826 | 16,854,071 | 18,971,755 | 2,871,976 |
| Aircraft | 14,946,098 | 2,122,314 | 12,823,784 | 12,974,635 |
| Computer software | 5,523,618 | 3,888,710 | 1,634,908 | 1,740,610 |
| Printing and photo-copying equipment | 1,558,236 | 1,018,189 | 540,047 | 682,636 |
| Office and general equipment | 913,242 | 643,791 | 269,451 | 520,651 |
| Shop equipment | 126,347 | 64,779 | 61,568 | 50,290 |
| | <u>\$99,901,425</u> | <u>\$43,225,188</u> | <u>\$56,676,237</u> | <u>\$43,512,620</u> |

Note 6 Commitments

The annual rent and maintenance payable for computer hardware by the Fund under long-term agreements in effect is as follows:

| | 1987 | 1986 |
|---------|-----------|-------------|
| 1986-87 | \$ — | \$9,297,779 |
| 1987-88 | 3,635,475 | 2,330,558 |
| 1988-89 | 1,784,527 | 968,760 |
| 1989-90 | 1,351,509 | 771,285 |
| 1990-91 | 390,037 | 294,425 |

Note 7 Statutory Appropriation

In the Public Accounts of Alberta, the net expenditures of the Revolving Fund are included in the Department of Public Works, Supply and Services' expenditure statements. Because the General Revenue Fund records fixed asset acquisitions as expenditures and does not recognize inventories and prepaid expenses, the following adjustments are required to arrive at the net expenditures reported as the statutory appropriation:

| | 1987 | 1986 |
|--|----------------------|-----------------------|
| Net profit for the year | \$ 4,550,983 | \$ 9,837,270 |
| Add: | | |
| Depreciation | 11,922,872 | 10,085,703 |
| Increase in inventories and prepaid expenses | 51,011 | 281,664 |
| Decreases (increases) in leasing assets | 1,507,530 | (2,944,059) |
| | <u>18,032,396</u> | <u>17,260,578</u> |
| Deduct: | | |
| Net equipment acquisitions | (25,086,489) | (10,631,095) |
| Repayment of surplus | (8,964,814) | (224,278) |
| Statutory appropriation for the year | <u>\$ 16,018,907</u> | <u>\$ (6,405,205)</u> |

Note 8 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 9 Approval of Financial Statements

These financial statements were approved by management.

REVOLVING FUNDS

Schedule 1

PUBLIC WORKS, SUPPLY AND SERVICES REVOLVING FUND
NET INCOME
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | | | | | 1986 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| | Sales | Cost of Sales | Gross Profit (Loss) | Service Revenue | Operating Expenses | Net Income (Loss) |
| Computer processing | \$ — | \$ — | \$ — | \$41,206,743 | \$37,008,276 | \$4,198,467 |
| Computer systems | — | — | — | 4,241,442 | 4,296,854 | (55,412) |
| Telecommunications | — | — | — | 3,674,221 | 3,605,020 | 69,201 |
| Work orders | 4,988,782 | 4,980,288 | 8,494 | — | 67,510 | (59,016) |
| Furniture | 2,186,859 | 2,176,493 | 10,366 | — | — | 10,366 |
| Warehousing and distribution | 11,195,243 | 8,918,686 | 2,276,557 | 39,123 | 2,200,720 | 114,960 |
| Printing services | 2,898,390 | 731,780 | 2,166,610 | 175 | 1,919,847 | 246,938 |
| Supply equipment | — | — | — | 7,503,055 | 7,548,654 | (45,599) |
| Air transportation | — | — | — | 567,439 | 495,344 | 72,095 |
| Central micrographics | — | — | — | — | — | — |
| Equipment leasing and financing | — | — | — | 3,701,162 | 3,702,179 | (1,017) |
| Operating results prior to intra Fund elimination | 21,269,274 | 16,807,247 | 4,462,027 | 60,933,360 | 60,844,404 | 4,550,983 |
| Intra Fund eliminations | (1,277,494) | (1,066,981) | (210,513) | (1,118,705) | (1,329,218) | — |
| Operating results of Fund | <u>\$19,991,780</u> | <u>\$15,740,266</u> | <u>\$4,251,514</u> | <u>\$59,814,655</u> | <u>\$59,515,186</u> | <u>\$4,550,983</u> |

\$9,837,270

RECREATION AND PARKS REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations and Surplus
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Recreation and Parks

I have examined the balance sheet of the Recreation and Parks Revolving Fund as at March 31, 1987 and the statement of operations and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.



C.A.
Auditor General

Edmonton, Alberta
July 31, 1987

RECREATION AND PARKS REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--------------------------------|------------------|------------------|
| ASSETS | | |
| Current: | | |
| Accounts receivable | \$ 42,364 | \$ 10,186 |
| Inventories | <u>61,402</u> | <u>11,718</u> |
| | <u>\$103,766</u> | <u>\$ 21,904</u> |
| LIABILITIES AND SURPLUS | | |
| Current: | | |
| Accounts payable | \$ 10,030 | \$ 5,973 |
| Provincial Treasurer's advance | <u>86,283</u> | <u>8,628</u> |
| | 96,313 | 14,601 |
| Surplus | <u>7,453</u> | <u>7,303</u> |
| | <u>\$103,766</u> | <u>\$ 21,904</u> |

The accompanying notes are part
of these financial statements.

RECREATION AND PARKS REVOLVING FUND
STATEMENT OF OPERATIONS AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--------------------------------|------------------|------------------|
| | | (5 months) |
| Sales | <u>\$152,255</u> | <u>\$ 19,813</u> |
| Deduct cost of goods sold: | | |
| Inventory at beginning of year | 11,718 | — |
| Purchases | <u>201,789</u> | <u>24,228</u> |
| | 213,507 | 24,228 |
| Less: Inventory at end of year | <u>61,402</u> | <u>11,718</u> |
| | <u>152,105</u> | <u>12,510</u> |
| Net income | 150 | 7,303 |
| Surplus at beginning of year | <u>7,303</u> | — |
| Surplus at end of year | <u>\$ 7,453</u> | <u>\$ 7,303</u> |

RECREATION AND PARKS REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

- Note 1 Authority
The Recreation and Parks Revolving Fund operates under the authority of the Department of Recreation and Parks Act, Chapter D-26, Revised Statutes of Alberta 1980, as amended. The Fund commenced activities on November 1, 1985.
- Note 2 Significant Accounting Policies and Reporting Practices
Inventories
Inventories are valued at the lower of cost and estimated net realizable value.
Changes in Financial Position
A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.
- Note 3 Administration Costs
Accommodation, office furniture, salaries and wages and other administrative costs have been borne by the General Revenue Fund and are not reflected in these financial statements.
- Note 4 Approval of Financial Statements
These financial statements have been approved by management.

GAS ALBERTA OPERATING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations and Surplus
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of
Transportation and Utilities

I have examined the balance sheet of the Gas Alberta Operating Fund as at March 31, 1987 and the statement of operations and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in accounting for contributions from the Province of Alberta as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 17, 1987

GAS ALBERTA OPERATING FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | 1987 | 1986 |
|--|---------------------|---------------------|
| ASSETS | | |
| Operating: | | |
| Current: | | |
| Cash | \$ 7,684,564 | \$ 4,350,236 |
| Accounts receivable | 11,034,451 | 13,436,837 |
| Natural gas rebates receivable | <u>701,147</u> | <u>3,254,762</u> |
| | 19,420,162 | 21,041,835 |
| Trust: | | |
| Cash | <u>142,365</u> | <u>262,450</u> |
| | <u>\$19,562,527</u> | <u>\$21,304,285</u> |
| LIABILITIES AND SURPLUS | | |
| Operating: | | |
| Current: | | |
| Accounts payable | \$ 5,258,758 | \$ 8,495,914 |
| Provincial Treasurer's advance | 12,022,000 | 12,022,000 |
| Due to the Province of Alberta (Note 5) | 53,876 | 78,280 |
| Surplus | <u>2,085,528</u> | <u>445,641</u> |
| | 19,420,162 | 21,041,835 |
| Trust: | | |
| Amounts due to rural gas co-operative associations | <u>142,365</u> | <u>262,450</u> |
| | <u>\$19,562,527</u> | <u>\$21,304,285</u> |

The accompanying notes are part
of these financial statements.

GAS ALBERTA OPERATING FUND
STATEMENT OF OPERATIONS AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|--|---------------------|-------------------|
| REVENUE | | |
| Sale of natural gas | \$31,385,595 | \$36,122,944 |
| Billing services revenue | 189,639 | 198,211 |
| Interest | <u>13,200</u> | <u>19,426</u> |
| | 31,588,434 | 36,340,581 |
| EXPENDITURE | | |
| Purchase of natural gas | 29,732,803 | 38,283,621 |
| Less: Natural gas rebates (Note 7) | <u>3,005,034</u> | <u>6,456,028</u> |
| | 26,727,769 | 31,827,593 |
| Pipeline operators' charges | 3,445,942 | 4,126,895 |
| Well operators' charges | <u>44,252</u> | <u>69,915</u> |
| | <u>30,217,963</u> | <u>36,024,403</u> |
| Operating surplus for the year | 1,370,471 | 316,178 |
| Contribution from the Province of Alberta (Note 4) | <u>269,416</u> | <u>311,636</u> |
| Surplus for the year | <u>1,639,887</u> | <u>627,814</u> |
| Surplus (deficit) at beginning of year, as previously reported | 523,921 | (204,457) |
| Adjustment due to change in accounting for contributions from the Province of Alberta (Note 3) | <u>(78,280)</u> | <u>22,284</u> |
| As restated | 445,641 | (182,173) |
| Surplus at end of year | <u>\$ 2,085,528</u> | <u>\$ 445,641</u> |

GAS ALBERTA OPERATING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Gas Alberta Operating Fund operates under the authority of the Rural Gas Act, Chapter R-19, Revised Statutes of Alberta 1980, as amended.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

(a) Trust

The Fund operates a retail billing system to provide billing services to certain rural gas co-operative associations. Billing services revenue is included in the Statement of Operations. Cash held and amounts payable by the Fund are disclosed as trust amounts in the balance sheet.

(b) Interest

Interest earned on cash balances is credited to the General Revenue Fund, and is not reflected in these financial statements.

(c) Allowance for doubtful accounts

The Fund provides for specific losses on accounts receivable as well as a general allowance for possible losses.

(d) Changes in financial position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Change in Accounting Policy

During the year the Fund changed the method of accounting for the contribution from the Province of Alberta from a cash basis to an accrual basis. The effects of the change which has been applied retroactively are:

Decrease in surplus (deficit) at beginning of:

| | |
|-------------------------------|---------------|
| the year ended March 31, 1986 | \$ 22,284 |
| March 31, 1987 | <u>78,280</u> |

Decrease in contribution from Province of Alberta for

| | |
|-------------------------------|------------------|
| the year ended March 31, 1986 | <u>\$100,564</u> |
|-------------------------------|------------------|

Note 4 Contribution from the Province of Alberta

The contribution from the Province of Alberta is summarized as follows:

| | <u>1987</u> | <u>1986</u> |
|---|------------------|------------------|
| 20% of pipeline and well operators' charges | \$698,039 | \$839,362 |
| Less: Billing services revenue | 189,639 | 198,211 |
| Interest | 13,200 | 19,426 |
| 80% of costs incurred by Province of Alberta in operation of owned pipeline | 225,784 | 310,089 |
| | <u>428,623</u> | <u>527,726</u> |
| | <u>\$269,416</u> | <u>\$311,636</u> |

Note 5 Due to the Province of Alberta

| | <u>1987</u> | <u>1986</u> |
|--|---------------------------|---------------------------|
| Contribution due from the Province of Alberta (Note 4) | <u>\$269,416</u> | <u>\$311,636</u> |
| Less: Amounts received during year | 130,000 | 412,200 |
| Revenues received from operators of owned pipeline | <u>115,012</u> | <u>—</u> |
| | <u>245,012</u> | <u>412,200</u> |
| | 24,404 | (100,564) |
| Prior year (over) under contribution | <u>(78,280)</u> | <u>22,284</u> |
| | <u><u>\$ (53,876)</u></u> | <u><u>\$ (78,280)</u></u> |

Note 6 Deregulation of Gas Prices

Natural gas prices were deregulated effective November 1, 1986. On an interim basis, Gas Alberta is continuing to purchase gas at the suppliers quoted price pending the renegotiation of gas supply contracts at which time the price will be revised accordingly.

Note 7 Natural Gas Rebates

Natural gas rebates are receivable under the terms of the Natural Gas Rebates Act, Chapter N-5, Revised Statutes of Alberta 1980 and the Natural Gas Pricing Agreement Act, Chapter N-4, Revised Statutes of Alberta 1980. The gross cost of natural gas purchases is reduced by the following rebates:

| | <u>1987</u> | <u>1986</u> |
|--|---------------------------|---------------------------|
| Department of Transportation and Utilities, Natural Gas Rebates Fund | \$2,990,234 | \$6,364,866 |
| Alberta Petroleum Marketing Commission | <u>14,800</u> | <u>91,162</u> |
| | <u><u>\$3,005,034</u></u> | <u><u>\$6,456,028</u></u> |

Note 8 Administration Costs

Accommodation, basic office furnishings, administrative salaries and other administrative costs incurred in the administration of the Fund and operation of the retail billing system are borne by the General Revenue Fund and are not reflected in these financial statements.

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 10 Approval of Financial Statements

These financial statements were approved by management.

TRANSPORTATION REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations and Surplus
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Transportation and Utilities

I have examined the balance sheet of the Transportation Revolving Fund as at March 31, 1987 and the statements of operations and surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 10, 1987

TRANSPORTATION REVOLVING FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| CURRENT | | |
| Accounts receivable (Note 3) | \$ 9,894,285 | \$ 17,023,740 |
| Material inventories (Note 4) | 17,678,344 | 16,654,917 |
| Gravel inventory | 30,345,087 | 27,770,485 |
| Land inventory | 9,075,775 | 5,556,628 |
| | <u>66,993,491</u> | <u>67,005,770</u> |
| FIXED ASSETS | | |
| Rental equipment, at cost | 91,984,026 | 84,948,589 |
| Accumulated depreciation | 54,901,646 | 51,961,570 |
| | <u>37,082,380</u> | <u>32,987,019</u> |
| Deferred system development costs | 349,750 | — |
| | <u>\$104,425,621</u> | <u>\$ 99,992,789</u> |
| LIABILITIES AND SURPLUS | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 4,584,571 | \$ 18,265,876 |
| Provincial Treasurer's advance | 93,901,381 | 80,464,747 |
| Surplus | 5,939,669 | 1,262,166 |
| | <u>\$104,425,621</u> | <u>\$ 99,992,789</u> |

The accompanying notes are part
of these financial statements.

TRANSPORTATION REVOLVING FUND
STATEMENT OF OPERATIONS AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|---------------------|---------------------|
| REVENUE | | |
| Rental revenue | \$37,194,978 | \$27,591,034 |
| Inventory sales | 21,072,175 | 21,677,665 |
| Shop labour | 1,109,451 | 805,957 |
| | <u>59,376,604</u> | <u>50,074,656</u> |
| EXPENDITURE | | |
| Equipment maintenance and operating expenses | 22,278,785 | 25,022,361 |
| Depreciation | 8,167,766 | 8,057,194 |
| Cost of inventory sales | 18,870,759 | 19,697,786 |
| General and administration | 6,286,530 | 4,440,938 |
| | <u>55,603,840</u> | <u>57,218,279</u> |
| | 3,772,764 | (7,143,623) |
| Gain on disposal of equipment | 904,739 | 512,978 |
| NET INCOME (LOSS) FOR THE YEAR | <u>4,677,503</u> | <u>(6,630,645)</u> |
| SURPLUS AT BEGINNING OF THE YEAR | 1,262,166 | 7,892,811 |
| SURPLUS AT END OF THE YEAR | <u>\$ 5,939,669</u> | <u>\$ 1,262,166</u> |

TRANSPORTATION REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|------------------------|------------------------|
| OPERATING ACTIVITIES | | |
| Cash from operations | | |
| Net income (loss) for the year | \$ 4,677,503 | \$ (6,630,645) |
| Net charges to income which do not reduce cash | | |
| Depreciation | 8,167,766 | 8,057,194 |
| Gain on disposal of equipment | (904,739) | (512,978) |
| | <u>11,940,530</u> | <u>913,571</u> |
| Changes in non-cash working capital | | |
| Decrease (increase) in accounts receivable | 7,129,455 | (2,686,253) |
| Increase in materials inventories | (1,023,427) | (2,983,427) |
| (Decrease) increase in accounts payable | (13,681,305) | 9,982,007 |
| | <u>4,365,253</u> | <u>5,225,898</u> |
| INVESTMENT ACTIVITIES | | |
| Proceeds from gravel inventory disposals | 5,788,269 | 12,644,082 |
| Proceeds from equipment disposals | 1,506,404 | 734,093 |
| Proceeds from land disposals | 2,805,495 | 4,032,762 |
| Additions to gravel inventory | (8,362,871) | (31,567,735) |
| Additions to fixed assets | (12,864,792) | (8,794,377) |
| Systems development costs | (349,750) | — |
| Purchases of land | (6,324,642) | (6,130,145) |
| | <u>(17,801,887)</u> | <u>(29,081,320)</u> |
| INCREASE IN PROVINCIAL TREASURER'S ADVANCE | <u>\$ (13,436,634)</u> | <u>\$ (23,855,422)</u> |

TRANSPORTATION REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Transportation Revolving Fund operates under the authority of the Department of Transportation and Utilities Act, Chapter D-30, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies

(a) Basis of Accounting

The Transportation Revolving Fund records revenues and expenditures on the accrual basis.

(b) Inventory

The Transportation Revolving Fund is used to finance the acquisition of gravel and land to be used by the Department of Transportation and Utilities. All expenditures made by the Fund for gravel and land are held in inventory and are recoverable from the Department.

Gravel inventory is valued at cost less billings to the Department.

Land inventory is valued at cost less recoveries from third party rentals.

Material inventories are valued at the lower of cost and net realizable value. Portions of lumber and petroleum product inventories are held by third parties.

(c) Fixed Assets

Fixed assets are recorded at cost.

Rental equipment is depreciated on a straight-line basis with the exception of 3/4 ton trucks which are depreciated on the basis of kilometers used. The approximate useful life of major equipment categories is as follows:

| | |
|---|----------------|
| Light trucks | 4 or 5 years |
| Heavy trucks | 7 or 10 years |
| Graders, tractors, loaders, trailers and cranes | 10 or 15 years |

Shop equipment is depreciated on a 20% declining balance.

(d) Deferred Systems Development Costs

Development costs relating to the Equipment Management System are deferred. These costs will be amortized commencing in the year that system development is completed.

Note 3 Accounts Receivable

Accounts receivable are summarized as follows:

| | 1987 | 1986 |
|--|--------------------|---------------------|
| Trade accounts receivable | \$8,333,330 | \$17,023,740 |
| Recoverable from the Department of Transportation and Utilities | <u>1,560,955</u> | <u>—</u> |
| | <u>\$9,894,285</u> | <u>\$17,023,740</u> |

Note 4 Material Inventories

Material inventories are summarized as follows:

| | 1987 | 1986 |
|--------------------|---------------------|---------------------|
| Parts and supplies | \$14,612,623 | \$13,507,267 |
| Lumber | 2,216,916 | 1,980,738 |
| Work in progress | 529,724 | 750,904 |
| Petroleum products | <u>319,081</u> | <u>416,008</u> |
| | <u>\$17,678,344</u> | <u>\$16,654,917</u> |

Note 5 General and Administration Expenses

Repair shops, warehouse facilities, head office accommodations, basic office equipment and furnishings and certain salaries and wages are provided by the Province of Alberta at no cost to the Fund, and accordingly, are not reflected in these financial statements.

Note 6 Statutory Appropriation

In the Public Accounts of Alberta, the net expenditures of the Revolving Fund are included in the Department of Transportation and Utilities expenditure statements. Because the General Revenue Fund records fixed asset acquisitions as expenditures and does not recognize inventories, the following adjustments are required to arrive at the net expenditures reported as the statutory appropriation in the Public Accounts:

| | |
|--------------------------------------|---------------------|
| Net profit for the year | \$(4,677,503) |
| Net equipment acquisitions | 12,263,127 |
| Systems development costs | 349,750 |
| Net increase in inventories: | |
| Materials | 1,023,427 |
| Land | 3,519,147 |
| Gravel | <u>2,574,602</u> |
| | 15,052,550 |
| Less: Depreciation | <u>8,167,766</u> |
| Statutory appropriation for the year | <u>\$ 6,884,784</u> |

Note 7 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 8 Approval of Financial Statements

These financial statements were approved by management.

LAND PURCHASE FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Income and Retained Earnings
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Land Purchase Fund as at March 31, 1987 and the statements of income and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 8, 1987

LAND PURCHASE FUND
BALANCE SHEET
MARCH 31, 1987

| | 1987 | 1986 |
|--------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Cash | \$ 5,019,926 | \$ 24,925,495 |
| Accounts receivable | 49,503 | 220,339 |
| Land and buildings inventory | <u>259,182,318</u> | <u>235,944,987</u> |
| | <u>\$264,251,747</u> | <u>\$261,090,821</u> |
| LIABILITIES AND RETAINED EARNINGS | | |
| Liabilities: | | |
| Accounts payable | \$ 2,009,517 | \$ 1,026,602 |
| Mortgage payable | — | 280,000 |
| Payable to the General Revenue Fund: | | |
| Current account | 87,519 | 33,451 |
| Advances | <u>253,000,000</u> | <u>253,000,000</u> |
| | 255,097,036 | 254,340,053 |
| Retained earnings | <u>9,154,711</u> | <u>6,750,768</u> |
| | <u>\$264,251,747</u> | <u>\$261,090,821</u> |

The accompanying notes are part
of these financial statements.

LAND PURCHASE FUND
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|--|--------------------|---------------------|
| Income: | | |
| Rental income | \$ 642,435 | \$ 988,109 |
| Rental expense and mortgage interest | <u>199,044</u> | <u>323,519</u> |
| Net rental income | 443,391 | 664,590 |
| Interest received on transfer of land to the | | |
| General Revenue Fund | 1,953,450 | 5,143,335 |
| Other | <u>7,102</u> | <u>—</u> |
| Net income | 2,403,943 | 5,807,925 |
| Retained earnings at beginning of year | <u>6,750,768</u> | <u>5,273,950</u> |
| | 9,154,711 | 11,081,875 |
| Remittance to the General Revenue Fund | — | 4,331,107 |
| Retained earnings at end of year | <u>\$9,154,711</u> | <u>\$ 6,750,768</u> |

LAND PURCHASE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|---------------------|----------------------|
| Operating transactions: | | |
| Net income | \$ 2,403,943 | \$ 5,807,925 |
| Increase (decrease) in payables | 1,036,983 | (6,761,559) |
| Decrease in receivables | 170,836 | 2,458 |
| Reimbursement from the General Revenue Fund of cost of land transferred thereto | 2,412,143 | 11,499,772 |
| Acquisitions of land | <u>(25,649,474)</u> | <u>(21,210,989)</u> |
| Cash required for operating transactions | <u>(19,625,569)</u> | <u>(10,662,393)</u> |
| Financing transactions: | | |
| Decrease in mortgage payable | (280,000) | — |
| Advances from the General Revenue Fund | — | 30,000,000 |
| Remittance of retained earnings to the General Revenue Fund | <u>—</u> | <u>(4,331,107)</u> |
| Cash provided by (required for) financing transactions | <u>(280,000)</u> | <u>25,668,893</u> |
| Increase (decrease) in cash | <u>(19,905,569)</u> | <u>15,006,500</u> |
| Cash at beginning of year | 24,925,495 | 9,918,995 |
| Cash at end of year | <u>\$ 5,019,926</u> | <u>\$ 24,925,495</u> |

LAND PURCHASE FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

- Note 1 Authority
The Land Purchase Fund operates under the authority of the Government Land Purchases Act, Chapter G-8, Revised Statutes of Alberta 1980, as amended.
- Note 2 Significant Accounting Policies and Reporting Practices
Land and buildings are carried at cost less proceeds of sundry disposals. The Act provides that, if money is voted by the Legislature for the purpose of reimbursing the Fund, the Provincial Treasurer may order the transfer from the supply vote to the Fund of an amount which includes the cost of each acquisition and interest thereon determined by the Provincial Treasurer. The reimbursement is reflected in these financial statements at the time of transfer.
- Note 3 Interest Income
Interest income earned on cash deposits is credited directly to the General Revenue Fund and is not reflected in these financial statements.
- Note 4 Administration Costs
Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.
- Note 5 Contingencies
Claims pending in respect of additional compensation for land acquired under expropriation proceedings amounted to \$26,188,000 (1986 - \$9,441,600). The actual liability, if any, cannot be determined until expropriation proceedings are completed.
- Note 6 Approval of Financial Statements
These financial statements were approved by management.

TREASURY REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Notes to the Financial Statements

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Treasury Revolving Fund as at March 31, 1987 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
July 22, 1987

TREASURY REVOLVING FUND
BALANCE SHEET
MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|------------------|------------------|
| ASSETS | | |
| Current: | | |
| Accounts receivable (Note 3) | <u>\$135,729</u> | <u>\$150,519</u> |
| Fixed: (Note 4) | | |
| Fixed assets, at cost | 26,618 | 22,623 |
| Less: Accumulated depreciation | <u>12,758</u> | <u>5,024</u> |
| | <u>13,860</u> | <u>17,599</u> |
| | <u>\$149,589</u> | <u>\$168,118</u> |
| LIABILITIES | | |
| Current: | | |
| Accounts payable | \$ 92,390 | \$ 26,949 |
| Advances from the General Revenue Fund | <u>57,199</u> | <u>141,169</u> |
| | <u>\$149,589</u> | <u>\$168,118</u> |

The accompanying notes are part
of these financial statements.

TREASURY REVOLVING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|-------------------|--------------------|
| Service revenue (Note 5) | <u>\$ 488,599</u> | <u>\$2,567,212</u> |
| Expenditure: | | |
| Salaries, wages and benefits | \$ 389,185 | \$ 415,404 |
| Services | 56,851 | 2,114,925 |
| Materials and supplies | 12,641 | 9,214 |
| Bank charges | 11,376 | 10,487 |
| Travel, freight, postage and telephone | 10,812 | 12,770 |
| Depreciation | <u>7,734</u> | <u>4,412</u> |
| | <u>\$ 488,599</u> | <u>\$2,567,212</u> |

TREASURY REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Treasury Revolving Fund operates under the authority of the Financial Administration Act, Chapter F-9, Revised Statutes of Alberta 1980, as amended. The Act was amended during the year precluding the Fund from providing insurance services.

Note 2 Significant Accounting Policies and Reporting Practices

Depreciation

Fixed assets are depreciated on a straight-line basis over the estimated useful life of the assets. The estimated useful life for each fixed asset category is as follows:

| | |
|--------------------------------|---------|
| Computer hardware and software | 3 years |
| Office equipment | 5 years |

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Accounts Receivable

Accounts receivable consist of the following:

| | 1987 | 1986 |
|--|------------------|------------------|
| Alberta Municipal Financing Corporation | \$ 83,333 | \$ 83,077 |
| General Revenue Fund | 35,493 | 33,954 |
| Alberta Government Telephones Commission | 16,903 | 24,113 |
| Other | — | 9,375 |
| | <u>\$135,729</u> | <u>\$150,519</u> |

Note 4 Fixed Assets

Fixed assets are summarized as follows:

| | 1987 | | 1986 | |
|--------------------------------|-----------------|-----------------------------|----------------------|----------------------|
| | Cost | Accumulated Depreciation | Net Book Value | Net Book Value |
| Computer hardware and software | \$21,780 | \$12,003 | \$ 9,777 | \$17,037 |
| Office equipment | 4,838 | 755 | 4,083 | 562 |
| | <u>\$26,618</u> | <u>\$12,758</u> | <u>\$13,860</u> | <u>\$17,599</u> |

Note 5 Segmented Information

Segmented information on service revenue is as follows:

| | 1987 | 1986 |
|---------------------------|------------------|--------------------|
| Securities administration | \$261,849 | \$ 271,250 |
| Corporate management | 226,750 | 233,183 |
| Insurance | — | 2,062,779 |
| | <u>\$488,599</u> | <u>\$2,567,212</u> |

Note 6 Administration Costs

Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 7 Approval of Financial Statements

These financial statements were approved by management.

SECTION 4

1986-87 PUBLIC ACCOUNTS

REGULATED FUNDS - FINANCIAL STATEMENTS

| | |
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REGULATED FUNDS - FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1987

Introduction:

Section 1(1)(s) of the Financial Administration Act defines a regulated fund as "a fund containing public money except public money

- (i) forming part of the General Revenue Fund,
- (ii) received by a revenue officer for deposit in the General Revenue Fund that has not been deposited in the General Revenue Fund, or
- (iii) owned or held by a Provincial agency, but does not include a revolving fund or the Treasury Branches Deposits Fund".

Regulated funds are comprised of public money that is not part of the General Revenue Fund because of its special disposition by the Legislature, or public money that has been paid out of the General Revenue Fund into a designated fund by authority of an Act of the Legislature or a supply vote.

That part of a regulated fund that is made up of payments under a supply vote, that is not charged with a liability at the fiscal year end, lapses and is returned to the General Revenue Fund.

Trust funds are included in the definition of regulated funds but, because they represent funds over which the Legislature has no power of appropriation, they are not included in the consolidated financial statements of the Province; they are shown separately in Section 8 - Trust Funds.

Regulated funds exclusive of trust funds are included in the consolidated financial statements of the Province, after adjustment of the accounts to the same basis of accounting as used for the General Revenue Fund.

THE HORNED CATTLE PURCHASES ACT TRUST ACCOUNT
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Agriculture

I have examined the balance sheet of the Horned Cattle Purchases Act Trust Account as at March 31, 1987 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Account as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
June 26, 1987

C.A.
Auditor General

THE HORNED CATTLE PURCHASES ACT TRUST ACCOUNT
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|----------------------------------|-------------------|--------------------|
| ASSETS | | |
| Cash | \$ 890,113 | \$1,060,162 |
| Grant refund receivable (Note 3) | <u>3,835</u> | <u>—</u> |
| | <u>\$ 893,948</u> | <u>\$1,060,162</u> |
| UNEXPENDED FUNDS | | |
| Unexpended funds | <u>\$ 893,948</u> | <u>\$1,060,162</u> |

The accompanying notes are part
of these financial statements.

THE HORNED CATTLE PURCHASES ACT TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|-------------------|--------------------|
| REVENUE | | |
| Interest | \$ 88,951 | \$ 117,153 |
| EXPENDITURE | | |
| Grants: | | |
| Stockmen's Memorial Foundation | 100,000 | 100,000 |
| Department of Agriculture, Animal Health Division | — | 91,800 |
| Cattle Market Information Service, Alberta Cattle Commission (Note 3) | 89,915 | 87,211 |
| The University of Alberta, Department of Animal Science | 65,000 | 65,000 |
| Highwood Livestock Auction | <u>250</u> | <u>—</u> |
| | <u>255,165</u> | <u>344,011</u> |
| Excess of expenditure over revenue | 166,214 | 226,858 |
| Unexpended funds at beginning of year | <u>1,060,162</u> | <u>1,287,020</u> |
| Unexpended funds at end of year | <u>\$ 893,948</u> | <u>\$1,060,162</u> |

THE HORNED CATTLE PURCHASES ACT TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

| | | | |
|--------|--|------------------|------------------|
| Note 1 | Authority | | |
| | The Horned Cattle Purchases Act Trust Account operates under the authority of the Horned Cattle Purchases Act, Chapter H-10, Revised Statutes of Alberta 1980, as amended. | | |
| Note 2 | Changes in Financial Position | | |
| | A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate. | | |
| Note 3 | Cattle Market Information Service, Alberta Cattle Commission | | |
| | | <u>1987</u> | <u>1986</u> |
| | The grant comprises: | | |
| | Operating grant for current year | \$ 87,450 | \$ 89,394 |
| | Development grant for current year | 6,300 | 8,350 |
| | Refund by the Alberta Cattle Commission of the excess of the development grant of the prior year over development expenditures | <u>(3,835)</u> | <u>(10,533)</u> |
| | | <u>\$ 89,915</u> | <u>\$ 87,211</u> |
| Note 4 | Approval of Financial Statements | | |
| | These financial statements have been approved by management. | | |

SCHOOL FOUNDATION PROGRAM FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Fund Equity
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Education

I have examined the balance sheet of the School Foundation Program Fund as at March 31, 1987 and the statement of revenue, expenditure and fund equity for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 17, 1987

SCHOOL FOUNDATION PROGRAM FUND
BALANCE SHEET
MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---------------------------------------|--------------------|--------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$3,383,404 | \$1,371,774 |
| Levies receivable from municipalities | 466,232 | — |
| Due from school authorities | 129,076 | — |
| Due from the General Revenue Fund | <u>1,265,000</u> | <u>2,200,000</u> |
| | <u>\$5,243,712</u> | <u>\$3,571,774</u> |
| LIABILITIES AND FUND EQUITY | | |
| Current: | | |
| Grants payable | \$5,104,989 | \$3,570,652 |
| Fund equity | <u>138,723</u> | <u>1,122</u> |
| | <u>\$5,243,712</u> | <u>\$3,571,774</u> |

The accompanying notes are part
of these financial statements.

SCHOOL FOUNDATION PROGRAM FUND
STATEMENT OF REVENUE, EXPENDITURE AND FUND EQUITY
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|----------------------|----------------------|
| REVENUE | | |
| Contributions from the General Revenue Fund, | | |
| Department of Education | \$ 928,468,600 | \$ 868,605,500 |
| Contributions from municipalities on | | |
| equalized assessment | <u>141,276,819</u> | <u>147,984,154</u> |
| | <u>1,069,745,419</u> | <u>1,016,589,654</u> |
| EXPENDITURE | | |
| Grants to school authorities, in respect of years ended: | | |
| December 31, 1987 | 261,278,840 | — |
| December 31, 1986 | 805,286,024 | 248,695,672 |
| December 31, 1985 and prior | <u>3,042,954</u> | <u>767,892,860</u> |
| | <u>1,069,607,818</u> | <u>1,016,588,532</u> |
| Excess of revenue over expenditure | 137,601 | 1,122 |
| Fund equity at beginning of year | <u>1,122</u> | <u>—</u> |
| Fund equity at end of year | <u>\$ 138,723</u> | <u>\$ 1,122</u> |

SCHOOL FOUNDATION PROGRAM FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

- Note 1 Authority
The School Foundation Program Fund operates under the authority of the School Act, Chapter S-3, Revised Statutes of Alberta 1980.
- Note 2 Changes in Financial Position
A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.
- Note 3 Administration Expenses
Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.
- Note 4 Comparative Figures
The 1986 figures have been reclassified where necessary to conform to 1987 presentation.
- Note 5 Approval of Financial Statements
These financial statements were approved by management.

ALBERTA PETROLEUM INCENTIVES PROGRAM FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Energy

I have examined the balance sheet of the Alberta Petroleum Incentives Program Fund as at March 31, 1987 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 24, 1987

ALBERTA PETROLEUM INCENTIVES PROGRAM FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | 1987 | 1986 |
|--|---------------------|----------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 2,550,338 | \$ 2,673,623 |
| Incentive grant overpayments receivable (Note 3) | 25,716,214 | 26,032,829 |
| Due from the General Revenue Fund | <u>29,558,201</u> | <u>255,031,089</u> |
| | <u>\$57,824,753</u> | <u>\$283,737,541</u> |
| LIABILITIES | | |
| Current: | | |
| Incentive grants payable | \$57,824,753 | \$283,737,541 |
| | <u>\$57,824,753</u> | <u>\$283,737,541</u> |

The accompanying notes are part
of these financial statements.

ALBERTA PETROLEUM INCENTIVES PROGRAM FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|---|--------------------|--------------------|
| REVENUE | | |
| Transfer of non-renewable resource revenue from the General Revenue Fund | \$231,139,766 | \$490,760,054 |
| Interest | 6,534,036 | 6,355,678 |
| Fees for advance rulings | <u>—</u> | <u>3,625</u> |
| | <u>237,673,802</u> | <u>497,119,357</u> |
| EXPENDITURE | | |
| Incentive grants: | | |
| Exploration | 111,895,613 | 239,860,150 |
| Development | 53,473,859 | 119,685,818 |
| Geophysical | 31,383,020 | 49,339,868 |
| Unit agreement | 5,807,940 | 11,724,325 |
| Asset cost | 5,171,804 | 10,747,298 |
| Overhead allowance | <u>23,181,467</u> | <u>57,156,084</u> |
| | 230,913,703 | 488,513,543 |
| Administration expenses (Note 4) | 6,612,653 | 7,669,268 |
| Provision for doubtful debts | <u>147,446</u> | <u>936,546</u> |
| | <u>237,673,802</u> | <u>497,119,357</u> |
| | <u>\$ —</u> | <u>\$ —</u> |

ALBERTA PETROLEUM INCENTIVES PROGRAM FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Petroleum Incentives Program Fund operates under the authority of the Petroleum Incentives Program Act, Chapter P-4.1, Statutes of Alberta 1981. Incentive grants are not payable in respect of costs and expenses incurred after December 31, 1986. The final date for filing applications for grants is December 31, 1987.

Note 2 Significant Accounting Policies and Reporting Practices

General

These statements have been prepared in accordance with generally accepted accounting principles except that purchases of fixed assets are charged to administration expense (Note 4).

Incentive grants

Incentive grant applications received after the year end of the Fund but prior to July 1, are accrued.

Accrued grant applications are recorded at 89.2% (1986 - 87.2%) of the amount claimed unless the applications have been subjected to full assessment procedures. This adjustment is based on the reduction in the amount claimed that normally occurs during the assessment process.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Incentive Grant Overpayments Receivable

Incentive grant overpayments receivable includes accrued interest and is net of an allowance for doubtful accounts amounting to \$7,288,007 (1986 \$7,655,266).

Note 4 Administration Expenses

Administration expenses are charged to the Fund pursuant to section 3(8) of the Act. Costs incurred during the year ended March 31, 1987 by the General Revenue Fund in connection with the administration of the Fund are summarized below:

| | <u>1987</u> | <u>1986</u> |
|--|--------------------|--------------------|
| Salaries, wages and payments to contract employees | \$3,822,077 | \$4,193,377 |
| Professional, technical and labour services | 1,759,948 | 1,816,608 |
| Employee benefits | 432,967 | 456,832 |
| Materials and supplies | 155,209 | 181,208 |
| Data processing services | 136,403 | 604,977 |
| Repairs and maintenance | 122,947 | 110,387 |
| Equipment purchases | 55,310 | 179,344 |
| Travel expenses | 41,182 | 31,749 |
| Allowances and supplementary benefits | 40,402 | 40,841 |
| Freight and postage | 21,118 | 15,157 |
| Rentals | 12,136 | 19,774 |
| Telephone and communications | 10,326 | 8,776 |
| Hospitality | 2,628 | 4,004 |
| Advertising | — | 6,234 |
| | <u>\$6,612,653</u> | <u>\$7,669,268</u> |

Note 5 Approval of Financial Statements

These financial statements have been approved by management.

FOREST DEVELOPMENT RESEARCH TRUST FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Council of the Forest Development
Research Trust Fund

I have examined the balance sheet of the Forest Development Research Trust Fund as at March 31, 1987 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 30, 1987

FOREST DEVELOPMENT RESEARCH TRUST FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | 1987 | 1986 |
|-------------------------|------------------|------------------|
| ASSETS | | |
| Current: | | |
| Cash | <u>\$178,113</u> | <u>\$178,225</u> |
| LIABILITIES | | |
| Current: | | |
| Research grants payable | \$ 48,144 | \$ 61,535 |
| Accounts payable | 690 | 575 |
| Unexpended funds | <u>129,279</u> | <u>116,115</u> |
| | <u>\$178,113</u> | <u>\$178,225</u> |

The accompanying notes are part
of these financial statements.

FOREST DEVELOPMENT RESEARCH TRUST FUND
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|---|------------------|------------------|
| REVENUE | | |
| Contributions by the Province of Alberta (Note 3) | \$100,000 | \$100,000 |
| Interest | 16,959 | 18,300 |
| Donations | <u>—</u> | <u>115</u> |
| | <u>116,959</u> | <u>118,415</u> |
| EXPENDITURE | | |
| Research grants | 103,105 | 127,851 |
| Council members' fees and expenses | 690 | 575 |
| | <u>103,795</u> | <u>128,426</u> |
| Excess of revenue over expenditure | 13,164 | (10,011) |
| Unexpended funds at beginning of year | <u>116,115</u> | <u>126,126</u> |
| Unexpended funds at end of year | <u>\$129,279</u> | <u>\$116,115</u> |

FOREST DEVELOPMENT RESEARCH TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

- Note 1 Authority
The Forest Development Research Trust Fund operates under the authority of the Forest Development Research Trust Fund Act, Chapter F-13, Revised Statutes of Alberta 1980.
- Note 2 Changes in Financial Position
A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.
- Note 3 Contributions by the Province of Alberta
The Department of Forestry, Lands and Wildlife provides contributions annually for research and council members' expenditure incurred by the Fund. Where expenditure is less than the contributions in any given year, the balance is repayable to the General Revenue Fund.
- Note 4 Administration Expenses
Salaries, accommodation, and other administrative costs incurred in the administration of the Fund are borne by the General Revenue Fund and are not reflected in these financial statements.
- Note 5 Commitments
As at March 31, 1987, the Fund had research grant commitments totalling \$134,020 (1986 \$112,235).
- Note 6 Approval of Financial Statements
These financial statements were approved by management.

HEALTH CARE INSURANCE FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Hospitals and
Medical Care

I have examined the balance sheet of the Health Care Insurance Fund as at March 31, 1987 and the statement of revenue and expenditure and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 31, 1987

HEALTH CARE INSURANCE FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | 1987 | 1986 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 85,590,565 | \$ 58,053,121 |
| Accounts receivable (Note 3) | 26,668,024 | 21,159,003 |
| Due from the Province of Alberta | — | 8,496,063 |
| | <u>\$112,258,589</u> | <u>\$ 87,708,187</u> |
| LIABILITIES | | |
| Current: | | |
| Bank indebtedness | \$ 4,664,199 | \$ 82,167 |
| Accounts payable | 2,439,091 | 1,910,956 |
| Overpayment of Government of Canada contributions | 5,714,272 | — |
| Unexpended funds due to the Province of Alberta | 12,409,238 | — |
| Premiums received in advance | 1,791,789 | 2,415,064 |
| Estimated liability for unprocessed and unrepresented claims (Note 4) | 85,240,000 | 83,300,000 |
| | <u>\$112,258,589</u> | <u>\$ 87,708,187</u> |

The accompanying notes are part of these financial statements.

HEALTH CARE INSURANCE FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|---|--------------------|--------------------|
| Revenue: | | |
| Premiums earned, net | \$208,654,535 | \$204,718,364 |
| Government of Canada contributions (Note 5) | 115,049,504 | 116,186,168 |
| Interest | 4,574,858 | 6,011,148 |
| | <u>328,278,897</u> | <u>326,915,680</u> |
| Expenditure: | | |
| Basic health services: | | |
| Medical | 604,497,045 | 549,264,455 |
| Chiropractic | 23,592,183 | 21,524,652 |
| Physical therapy | 18,336,778 | 15,029,097 |
| Oral surgery | 17,855,190 | 13,488,049 |
| Optometric | 10,154,283 | 9,094,046 |
| Podiatric | 3,125,971 | 2,887,317 |
| | <u>677,561,450</u> | <u>611,287,616</u> |
| Optional health services, Alberta | | |
| Blue Cross Plan | 101,009,055 | 87,145,508 |
| Extended health benefits | 33,539,168 | 29,331,987 |
| Out of province hospital costs | 19,132,250 | 21,939,583 |
| Continuing medical education fund contributions | 1,678,804 | 1,623,780 |
| Location incentives | 1,293,688 | 1,556,269 |
| Disability fund contributions | 609,244 | — |
| | <u>834,823,659</u> | <u>752,884,743</u> |
| Excess of expenditure over revenue for the year | 506,544,762 | 425,969,063 |
| Deduct: | | |
| Contributions by the Province of Alberta | 506,544,762 | 425,969,063 |
| | <u>\$ —</u> | <u>\$ —</u> |

HEALTH CARE INSURANCE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|----------------------|----------------------|
| Funds were provided from: | | |
| Advances by the Province of Alberta for current year | \$518,954,000 | \$417,473,000 |
| Payment by Province of Alberta for prior year receivables | 8,496,063 | — |
| Recoverable payments: | | |
| Hospital costs, reciprocal agreements | 38,732,673 | 35,608,734 |
| Reimbursements from Workers' Compensation Board | 12,813,784 | 8,453,486 |
| Department of Community and Occupational Health sessional payments | 5,251,302 | 5,215,219 |
| Overpayment of Government of Canada contributions | 5,714,272 | — |
| Increase (decrease) in estimated liability for unprocessed and unrepresented claims | 1,940,000 | (1,263,000) |
| Increase (decrease) in accounts payable | 528,135 | (2,369,208) |
| | <u>592,430,229</u> | <u>463,118,231</u> |
| Funds were applied to: | | |
| Excess of expenditure over revenue | 506,544,762 | 425,969,063 |
| Payments made on behalf of: | | |
| Hospital costs, reciprocal agreements | 43,052,582 | 35,751,605 |
| Workers' Compensation Board | 11,954,789 | 9,344,808 |
| Department of Community and Occupational Health sessional payments | 5,797,602 | 5,092,412 |
| Reimbursement of unexpended funds to the Province of Alberta | — | 6,245,249 |
| Increase in premiums receivable and other accounts receivable | 1,501,807 | 477,827 |
| Decrease (increase) in premiums received in advance | 623,275 | (226,305) |
| | <u>569,474,817</u> | <u>482,654,659</u> |
| Increase (decrease) in funds | 22,955,412 | (19,536,428) |
| Funds at beginning of year | 57,970,954 | 77,507,382 |
| Funds at end of year | <u>\$ 80,926,366</u> | <u>\$ 57,970,954</u> |
| Represented by: | | |
| Cash | \$ 85,590,565 | \$ 58,053,121 |
| Bank indebtedness | (4,664,199) | (82,167) |
| | <u>\$ 80,926,366</u> | <u>\$ 57,970,954</u> |

HEALTH CARE INSURANCE FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Health Care Insurance Fund operates under the authority of the Alberta Health Care Insurance Act, Chapter A-24, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies and Reporting Practices

Government of Canada Contributions

Government of Canada contributions are received pursuant to provisions of the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 (Canada) and represent amounts deemed by the Provincial Treasurer to be contributions to the Province of Alberta with respect to health care. These contributions are subject to adjustments and due to the unavailability of information regarding adjustments to previous years' contributions, or to the current year's contributions, this source of revenue is reported on the basis of amounts received during the year.

Note 3 Accounts Receivable

Accounts receivable consist of the following:

| | <u>1987</u> | <u>1986</u> |
|---|---------------------|---------------------|
| Premiums, less allowance for uncollectible accounts and adjustments | \$16,500,377 | \$14,735,348 |
| Hospital costs, reciprocal agreements | 6,577,655 | 2,257,746 |
| Department of Community and Occupational Health sessional payments | 2,338,133 | 1,791,833 |
| Workers' Compensation Board payments | 1,025,704 | 1,884,699 |
| Other | 226,155 | 489,377 |
| | <u>\$26,668,024</u> | <u>\$21,159,003</u> |

Note 4 Estimated Liability for Unprocessed and Unpresented Claims

The estimated liability for unprocessed and unpresented claims consists of the following:

| | <u>1987</u> | <u>1986</u> |
|---|---------------------|---------------------|
| Basic health services | \$61,096,000 | \$57,832,000 |
| Optional health services, Alberta Blue Cross Plan | 12,000,000 | 11,600,000 |
| Out of province hospital costs | 5,494,000 | 7,952,000 |
| Extended health benefits | 3,710,000 | 3,202,000 |
| Location incentives | 2,940,000 | 2,714,000 |
| | <u>\$85,240,000</u> | <u>\$83,300,000</u> |

The amounts pertaining to basic health services, out of province hospital costs and extended health benefits consist of actual payments during April and May for service dates prior to April 1 together with an estimated additional liability based on historical information about the relationships between service and payment dates. The amounts pertaining to optional health services, Alberta Blue Cross Plan have been determined from information provided by the Plan. The amounts for location incentives are based on claim submissions for earlier program years.

Note 5 Government of Canada Contributions

Government of Canada contributions consist of the following:

| | <u>1987</u> | <u>1986</u> |
|---|----------------------|----------------------|
| Contributions pertaining to the current fiscal year | \$121,231,776 | \$112,071,168 |
| Adjustments pertaining to previous fiscal years | (6,182,272) | 4,115,000 |
| | <u>\$115,049,504</u> | <u>\$116,186,168</u> |

As a result of the Province of Alberta legislating an end to extra billing by medical practitioners effective October 1, 1986, the Government of Canada refunded to the Province \$22,953,000. This amount, withheld as a financial penalty pursuant to the Canada Health Act, included \$5,628,000 in respect of the current year and was deposited in, and retained by, the General Revenue Fund of the Province.

Note 6 Administration Expenses

Costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 7 Approval of Financial Statements

These financial statements were approved by management.

ALBERTA PLANNING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Fund Equity
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the Alberta
Planning Board

I have examined the balance sheet of the Alberta Planning Fund as at March 31, 1987 and the statement of revenue, expenditure and fund equity for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
May 22, 1987

ALBERTA PLANNING FUND
BALANCE SHEET
MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|-----------------------------|--------------------|--------------------|
| ASSETS | | |
| Cash | \$1,842,037 | \$2,787,341 |
| Requisitions receivable | <u>352</u> | <u>17,991</u> |
| | <u>\$1,842,389</u> | <u>\$2,805,332</u> |
| LIABILITIES AND FUND EQUITY | | |
| Liabilities: | | |
| Accounts payable | \$ — | \$ 93,754 |
| Fund equity | <u>1,842,389</u> | <u>2,711,578</u> |
| | <u>\$1,842,389</u> | <u>\$2,805,332</u> |

The accompanying notes are part
of these financial statements.

ALBERTA PLANNING FUND
STATEMENT OF REVENUE, EXPENDITURE AND FUND EQUITY
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|---------------------|---------------------|
| Revenue: | | |
| Contributions from the Province of Alberta, | | |
| Department of Municipal Affairs | \$ 5,932,438 | \$ 5,932,438 |
| Requisitions from municipalities | 3,670,933 | 3,826,628 |
| Interest | <u>228,755</u> | <u>371,869</u> |
| | <u>9,832,126</u> | <u>10,130,935</u> |
| Expenditure: | | |
| Contributions to Regional Planning Commissions: | | |
| Operating costs (Note 3) | 10,687,645 | 10,976,086 |
| Special projects | 13,670 | 5,300 |
| Capital expenditures | <u>—</u> | <u>25,000</u> |
| | <u>10,701,315</u> | <u>11,006,386</u> |
| Contributions to Special Planning Project | <u>—</u> | <u>18,300</u> |
| | <u>10,701,315</u> | <u>11,024,686</u> |
| Excess of expenditure over revenue | 869,189 | 893,751 |
| Fund equity at beginning of year | 2,711,578 | 3,605,329 |
| Fund equity at end of year | <u>\$ 1,842,389</u> | <u>\$ 2,711,578</u> |

ALBERTA PLANNING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority
The Alberta Planning Fund operates under the authority of the Planning Act, Chapter P-9, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices
Contributions to Regional Planning Commissions
Contributions towards operating costs are recorded as expenditures of the fiscal year in which they are paid.
Changes in Financial Position
A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Contributions to Regional Planning Commissions
Contributions for operating costs were authorized as follows:

| | <u>1987</u> | <u>1986</u> |
|---------------|---------------------|---------------------|
| Basic | \$10,551,652 | \$10,548,595 |
| Supplementary | 135,993 | 427,491 |
| | <u>\$10,687,645</u> | <u>\$10,976,086</u> |

Note 4 Administration Expenditures
Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 5 Approval of Financial Statements
These financial statements have been approved by management.

MOTOR VEHICLE ACCIDENT CLAIMS FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Fund Balance
Notes to the Financial Statements

AUDITOR'S REPORT

To the Solicitor General

I have examined the balance sheet of the Motor Vehicle Accident Claims Fund as at March 31, 1987 and the statement of revenue, expenditure and fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
August 17, 1987

C.A.
Auditor General

MOTOR VEHICLE ACCIDENT CLAIMS FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash | \$26,505,807 | \$37,611,433 |
| Due from Province of Alberta, General Revenue Fund | 1,165,328 | 1,121,829 |
| Accounts receivable | 23,063 | — |
| | <u>\$27,694,198</u> | <u>\$38,733,262</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities: | | |
| Accounts payable | \$ 303,151 | \$ 802,802 |
| Fund balance | 27,391,047 | 37,930,460 |
| | <u>\$27,694,198</u> | <u>\$38,733,262</u> |

The accompanying notes are part
of these financial statements.

MOTOR VEHICLE ACCIDENT CLAIMS FUND
STATEMENT OF REVENUE, EXPENDITURE AND FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---------------------------------------|---------------------|---------------------|
| Revenue: | | |
| Fees | \$10,938,460 | \$ 9,544,066 |
| Interest | 3,439,523 | 3,128,636 |
| Recoveries | 761,149 | 655,015 |
| Sale of abandoned vehicles | 114,526 | 142,376 |
| | <u>15,253,658</u> | <u>13,470,093</u> |
| Expenditure: | | |
| Personal injury | 3,433,789 | 3,422,280 |
| Property damage | 1,437,926 | 1,049,113 |
| Taxed court costs | 311,953 | 255,996 |
| Hospital, medical and ambulance costs | 280,170 | 185,054 |
| Abandoned vehicles | 137,615 | 116,684 |
| Appraisal fees | 79,118 | 71,544 |
| Judgement interest | 53,111 | 19,317 |
| Court reporting fees | 20,710 | 17,480 |
| Agents' fees | 17,829 | 80,362 |
| Miscellaneous | 20,850 | 9,088 |
| | <u>5,793,071</u> | <u>5,226,918</u> |
| Excess of revenue over expenditure | 9,460,587 | 8,243,175 |
| Fund balance at beginning of year | 37,930,460 | 29,687,285 |
| | 47,391,047 | 37,930,460 |
| Less: Transfer of surplus (Note 5) | 20,000,000 | — |
| Fund balance at end of year | <u>\$27,391,047</u> | <u>\$37,930,460</u> |

MOTOR VEHICLE ACCIDENT CLAIMS FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Motor Vehicle Accident Claims Fund operates under the authority of the Motor Vehicle Accident Claims Act, Chapter M-21, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

a) General

These financial statements have been prepared in accordance with generally accepted accounting principles except that amounts paid from the Fund on behalf of uninsured drivers are reported as expenditure. These payments are legally recoverable from the individual uninsured drivers but only a small portion is actually collectable. The amounts recovered are reported as revenue in the year they are collected.

Fees consist of amounts charged in accordance with section 3 of the Act upon registration of motor vehicles and are reported as revenue in the fiscal year in which they are collected.

b) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Administration Expenses

Salary, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the Province of Alberta, General Revenue Fund and are not reflected in these financial statements.

Note 4 Contingent Liabilities

At March 31, 1987, the Fund is contingently liable with respect to legal claims in process. Based on previous experience it is estimated that the final cost of these claims will total approximately \$9,500,000.

Note 5 Transfer of Surplus

Pursuant to section 2(5) of the Act a surplus of \$20,000,000 was paid to the Province of Alberta, General Revenue Fund.

Note 6 Approval of Financial Statements

These financial statements were approved by management.

RURAL ELECTRIFICATION REVOLVING FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Transportation
and Utilities

I have examined the balance sheet of the Rural Electrification Revolving Fund as at March 31, 1987, and the statements of revenue and expenditure and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 10, 1987

RURAL ELECTRIFICATION REVOLVING FUND
BALANCE SHEET
MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|-------------------------------------|---------------------|---------------------|
| ASSETS | | |
| Cash | \$ 1,304,469 | \$ 679,227 |
| Accrued interest | 437,090 | 408,095 |
| Loans receivable (Note 2) | <u>58,704,178</u> | <u>52,822,724</u> |
| | <u>\$60,445,737</u> | <u>\$53,910,046</u> |
| LIABILITIES | | |
| Accounts payable | \$ — | \$ 325 |
| Payable to the General Revenue Fund | | |
| Current account | 522,973 | 478,525 |
| Advances | <u>59,922,764</u> | <u>53,431,196</u> |
| | <u>\$60,445,737</u> | <u>\$53,910,046</u> |

The accompanying notes are part
of these financial statements.

RURAL ELECTRIFICATION REVOLVING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|------------------|----------------|
| REVENUE | | |
| Loan interest | \$1,077,099 | \$974,505 |
| Contribution from the General Revenue Fund (Note 3) | <u>8,432</u> | <u>3,780</u> |
| | <u>1,085,531</u> | <u>978,285</u> |
| EXPENDITURE | | |
| Interest transferred to the General Revenue Fund | 1,077,099 | 974,505 |
| Loans and interest receivable written-off | <u>8,432</u> | <u>3,780</u> |
| | <u>1,085,531</u> | <u>978,285</u> |
| Excess of revenue over expenditure | <u>\$ —</u> | <u>\$ —</u> |

RURAL ELECTRIFICATION REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|---------------------|--------------------|
| Operating transactions: | | |
| Excess of revenue over expenditure | \$ — | \$ — |
| Non-cash items: | | |
| Contribution from the General Revenue Fund (Note 3) | (8,432) | (3,780) |
| Loans and interest receivable written-off | <u>8,432</u> | <u>3,780</u> |
| | — | — |
| Net change in non-cash working capital items | <u>15,128</u> | <u>(1,778)</u> |
| | <u>15,128</u> | <u>(1,778)</u> |
| Loan and cost adjustment transactions: | | |
| Loans disbursed | (10,128,334) | (9,236,303) |
| Loans repaid | 4,238,448 | 3,366,482 |
| Funds collected for cost adjustments | 86,509 | 3,824 |
| Funds distributed for cost adjustments | <u>(86,509)</u> | <u>(3,824)</u> |
| | <u>(5,889,886)</u> | <u>(5,869,821)</u> |
| Financing transactions: | | |
| Advances from the General Revenue Fund | <u>6,500,000</u> | <u>5,500,000</u> |
| Increase (decrease) in cash | 625,242 | (371,599) |
| Cash at beginning of year | <u>679,227</u> | <u>1,050,826</u> |
| Cash at end of year | <u>\$ 1,304,469</u> | <u>\$ 679,227</u> |

RURAL ELECTRIFICATION REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Rural Electrification Revolving Fund operates under the authority of the Rural Electrification Revolving Fund Act, Chapter R-18, Revised Statutes of Alberta, 1980, as amended.

Note 2 Loans Receivable

Loans bearing interest at 3 1/2 percent (Part 1) and interest free loans (Part 2) are provided from the Rural Electrification Revolving Fund for the construction of new electrical services on farms. Part 1 loans have fixed repayment schedules of 10 and 25 years and Part 2 loans are repaid if and when additional use is made of constructed services.

| | <u>1987</u> | <u>1986</u> |
|--------------|---------------------|---------------------|
| Part 1 Loans | \$32,807,944 | \$29,875,170 |
| Part 2 Loans | <u>25,896,234</u> | <u>22,947,554</u> |
| | <u>\$58,704,178</u> | <u>\$52,822,724</u> |

Note 3 Contribution from the General Revenue Fund

The contribution from the General Revenue Fund to finance the cost of bad debts relating to loans and interest receivable is reflected as a reduction of the advances payable to the General Revenue Fund.

Note 4 Commitments

As at March 31, 1987, the Fund had commitments totalling \$763,390 (1986 \$1,116,597) in respect of loans approved but not disbursed.

Note 5 Interest

Interest earned on cash deposits in the Consolidated Cash Investment Trust Fund is credited directly to the General Revenue Fund and is not reflected in these financial statements.

Interest earned on the loans made by the Fund is transferred to the General Revenue Fund.

Note 6 Administrative Expenses

Salaries, accommodation, and other administrative costs incurred in the administration of the Fund are borne by the General Revenue Fund and are not reflected in these financial statements.

Note 7 Comparative Figures

Financial information relating to the Fund was previously incorporated in the Loan Funds Summary Financial Statements. Separate financial statements have now been prepared to provide improved disclosure.

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 8 Approval of Financial Statements

These financial statements were approved by management.

ALBERTA CAPITAL FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Net Debt
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Short-term Debt
Schedule of Expenditure by Program and Sub-Program
Schedule of Expenditure by Program and Object
Schedule of Expenditure by Element

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Alberta Capital Fund as at March 31, 1987 and the statements of revenue, expenditure and net debt and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



C.A.
Auditor General

Edmonton, Alberta
October 2, 1987

ALBERTA CAPITAL FUND
BALANCE SHEET
MARCH 31, 1987

| ASSETS | |
|-----------------------------------|----------------------|
| Cash | \$ 528,033 |
| Accounts receivable | 204,747 |
| Due from the General Revenue Fund | <u>17,311,705</u> |
| | <u>\$ 18,044,485</u> |

| LIABILITIES AND NET DEBT | |
|-----------------------------|----------------------|
| Liabilities: | |
| Accounts payable | \$ 34,150,370 |
| Short-term debt, Schedule 1 | <u>240,296,924</u> |
| | 274,447,294 |
| Net debt | <u>256,402,809</u> |
| | <u>\$ 18,044,485</u> |

The accompanying notes are part
of these financial statements.

ALBERTA CAPITAL FUND
STATEMENT OF REVENUE, EXPENDITURE AND NET DEBT
FOR THE YEAR ENDED MARCH 31, 1987

| | |
|---|----------------------|
| Revenue: | |
| Contributions by the General Revenue Fund for: | |
| Debt retirement | \$ 11,975,355 |
| Net debt servicing costs | 5,336,350 |
| Interest | <u>312,914</u> |
| | 17,624,619 |
| Expenditure: | |
| Capital expenditure, Schedules 2, 3 and 4 | 268,378,164 |
| Amortization of discount on debt | <u>5,649,264</u> |
| | 274,027,428 |
| Excess of expenditure over revenue and net debt at end of year | <u>\$256,402,809</u> |

ALBERTA CAPITAL FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | |
|--|---------------------|
| Operating transactions: | |
| Excess of expenditure over revenue | \$256,402,809 |
| Non-cash items: | |
| Amortization of discount on debt | (5,649,264) |
| Increase in receivables | 17,516,452 |
| Increase in payables | <u>(34,150,370)</u> |
| Cash applied to operating transactions | 234,119,627 |
| Financing transactions: | |
| Debt issues, net | <u>234,647,660</u> |
| Cash provided by financing transactions | <u>234,647,660</u> |
| Increase in cash and cash at end of year | <u>\$ 528,033</u> |

ALBERTA CAPITAL FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

- Note 1 Authority
The Alberta Capital Fund operates under the authority of the Financial Administration Act, Chapter F-9, Revised Statutes of Alberta 1980, as amended. Section 60.2 of the Act which authorizes the establishment of the Fund is deemed to have come into force on April 1, 1986. The Fund commenced activities on November 1, 1986.
- Note 2 Significant Accounting Policies and Reporting Practices
Money borrowed by the Province and deposited in the Fund is reported as debt of the Fund.
Discount on debt is deferred and amortized over the term of the debt.
- Note 3 Financial Structure
The Fund finances capital construction projects from money borrowed by the Province and deposited in the Fund.
Expenditures from the Fund are made under the authority of "Appropriation Acts" passed pursuant to subsection 60.2(6) of the Act.
Subsection 69(2) of the Act provides that money required in connection with borrowings will be paid from the General Revenue Fund to the extent that sufficient funds are not available in the Fund.
The Fund's net debt servicing costs, being interest and amortization of discount on debt less interest income, are funded by contributions from the General Revenue Fund on a current basis. The Fund's requirements for debt retirement are funded by contributions from the General Revenue Fund over a period of years based on amortization of the capital cost of construction projects financed by expenditures made from the Fund.
Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.
- Note 4 Subsequent Events
In June 1987, the Province issued \$898 million of Alberta Capital Bonds at par and received net proceeds of \$890 million. The bonds bear interest at 8.5% per annum, mature on June 1, 1990 and are redeemable at face value semi-annually on December 1 and June 1 of each year. The Province allocated \$500 million of the issue to the Fund. The net proceeds of \$495 million were used by the Fund to retire all outstanding short-term debt amounting to \$267 million. The balance of the net proceeds was invested by the Fund in short-term money market securities to be used to finance capital construction projects in the 1987-88 fiscal year.
- Note 5 Approval of Financial Statements
These financial statements were approved by management.

Schedule

ALBERTA CAPITAL FUND
SHORT-TERM DEBT
MARCH 31, 1987

| | |
|--|----------------------|
| Short-term promissory notes at face amount | \$242,000,000 |
| Less: Unamortized discount | <u>1,703,076</u> |
| | <u>\$240,296,924</u> |

REGULATED FUNDS

Schedule 2

ALBERTA CAPITAL FUND
EXPENDITURE BY PROGRAM AND SUB-PROGRAM
FOR THE YEAR ENDED MARCH 31, 1987

| Item and File No. | Program Sub-Program | Funds Provided | | | Unexpended (Over Expended) | |
|----------------------------|--|----------------------|-------------|----------------------|-------------------------------|---------------------|
| | | Estimates | Transfers | Total Authorized | | |
| Hospitals and Medical Care | | | | | | |
| | Construction of Hospitals and Nursing Homes | | | | | |
| 1 | Minor Construction | \$ 19,260,000 | \$ — | \$ 19,260,000 | \$ 12,263,253 | \$ 6,996,747 |
| 2 | Major Medical Referral and Research Centres | 6,015,000 | 2,810,000 | 8,825,000 | 7,808,327 | 1,016,673 |
| 3 | Major Urban Medical and Referral Centres | 103,805,000 | — | 103,805,000 | 82,476,137 | 21,328,863 |
| 4 | Other Referral Centres | 38,557,000 | 4,200,000 | 42,757,000 | 42,706,778 | 50,222 |
| 5 | Specialized Active Care | 11,977,000 | — | 11,977,000 | 8,785,637 | 3,191,363 |
| 5 | Community-Based Hospital Facilities (over 40 beds) | 64,799,000 | (2,810,000) | 61,989,000 | 59,472,862 | 2,516,138 |
| 7 | Rural Community-Based Hospital Facilities (40 beds and under) | 20,429,000 | (4,200,000) | 16,229,000 | 13,375,576 | 2,853,424 |
| 8 | Long-Term Chronic Care | 15,922,000 | — | 15,922,000 | 10,707,854 | 5,214,146 |
| 9 | Supervised Personal Care | 364,000 | — | 364,000 | 63,740 | 300,260 |
| | | <u>281,128,000</u> | <u>—</u> | <u>281,128,000</u> | <u>237,660,164</u> | <u>43,467,836</u> |
| Advanced Education | | | | | | |
| | Construction of Post-Secondary Education Facilities | | | | | |
| 1 | Universities | 24,500,000 | — | 24,500,000 | 24,500,000 | — |
| 2 | Public Colleges | 26,702,000 | — | 26,702,000 | 5,852,000 | 20,850,000 |
| 3 | Hospital-Based Nursing Education | 466,000 | — | 466,000 | 366,000 | 100,000 |
| | | <u>51,668,000</u> | <u>—</u> | <u>51,668,000</u> | <u>30,718,000</u> | <u>20,950,000</u> |
| | | <u>\$332,796,000</u> | <u>\$ —</u> | <u>\$332,796,000</u> | <u>\$268,378,164</u> | <u>\$64,417,836</u> |

Schedule 3

ALBERTA CAPITAL FUND
EXPENDITURE BY PROGRAM AND OBJECT
FOR THE YEAR ENDED MARCH 31, 1987

| | | Funds Provided | | | |
|----------------------------|---|----------------------|-------------|----------------------|----------------------------|
| Item | Program/Object | Estimates | Transfers | Total Authorized | Unexpended (Over Expended) |
| Hospitals and Medical Care | | | | | |
| | Construction of Hospitals and Nursing Homes | | | | |
| | Salaries, wages and employee benefits | \$ — | \$ — | \$ — | \$ — |
| | Supplies and services | 84,202,000 | — | 84,202,000 | 21,534,703 |
| | Grants | 196,926,000 | — | 196,926,000 | 21,933,133 |
| | Purchase of fixed assets | — | — | — | — |
| | Other | — | — | — | — |
| | | <u>281,128,000</u> | <u>—</u> | <u>281,128,000</u> | <u>43,467,836</u> |
| Advanced Education | | | | | |
| | Construction of Post-Secondary Education Facilities | | | | |
| | Salaries, wages and employee benefits | — | — | — | — |
| | Supplies and services | — | — | — | — |
| | Grants | 51,668,000 | — | 51,668,000 | 20,950,000 |
| | Purchase of fixed assets | — | — | — | — |
| | Other | — | — | — | — |
| | | <u>51,668,000</u> | <u>—</u> | <u>51,668,000</u> | <u>20,950,000</u> |
| | | <u>\$332,796,000</u> | <u>\$ —</u> | <u>\$332,796,000</u> | <u>\$64,417,836</u> |

ALBERTA CAPITAL FUND
EXPENDITURE BY ELEMENT
FOR THE YEAR ENDED MARCH 31, 1987

| Vote and Ref. No. | Program/Element | Estimates | Expended |
|----------------------|--|--------------------|--------------------|
| | Hospitals and Medical Care | | |
| 1 | Construction of Hospitals and Nursing Homes | | |
| 1.1 | Minor Construction | | |
| 1.1.1 | Active care hospitals | \$ 18,300,000 | \$ 9,994,263 |
| 1.1.2 | Long-term chronic care hospitals | 700,000 | 2,137,963 |
| 1.1.3 | Nursing homes | 260,000 | 131,027 |
| 1.2 | Major Medical Referral and Research Centres | | |
| 1.2.1 | University of Alberta Hospitals, Edmonton | 55,000 | 108,327 |
| 1.2.2 | Foothills Provincial General Hospital, Calgary | 5,960,000 | 7,700,000 |
| 1.3 | Major Urban Medical and Referral Centres | | |
| 1.3.1 | Calgary General Hospital | 590,000 | 106,803 |
| 1.3.2 | Hospital District #93, Calgary | 18,206,000 | 19,845,000 |
| 1.3.3 | Edmonton General Hospital | 425,000 | 109,858 |
| 1.3.4 | Misericordia Hospital, Edmonton | 190,000 | 12,625 |
| 1.3.5 | Royal Alexandra Hospitals, Edmonton | 1,192,000 | 287,463 |
| 1.3.6 | Southeast Hospital, Edmonton | 44,088,000 | 31,616,426 |
| 1.3.7 | Northeast Hospital, Calgary | 39,114,000 | 30,429,028 |
| 1.3.8 | Holy Cross Hospital, Calgary | — | 47,000 |
| 1.3.9 | Charles Camself Hospital, Edmonton | — | 21,934 |
| 1.4 | Other Referral Centres | | |
| 1.4.1 | Queen Elizabeth II Hospital Grande Prairie | 700,000 | 700,000 |
| 1.4.2 | Lethbridge Regional Hospital | 26,490,000 | 38,306,778 |
| 1.4.3 | Medicine Hat and District Hospital | 11,367,000 | 3,700,000 |
| 1.5 | Specialized Active Care | | |
| 1.5.1 | Alberta Cancer Board | 260,000 | 208,468 |
| 1.5.2 | Glenrose Rehabilitation Hospital, Edmonton | 4,261,000 | 3,150,215 |
| 1.5.3 | Alberta Hospital Edmonton | 350,000 | 366,924 |
| 1.5.4 | Alberta Hospital Ponoka | 6,106,000 | 4,740,484 |
| 1.5.5 | Northern Alberta Children's Hospital, Edmonton | 1,000,000 | 319,546 |
| 1.6 | Community-Based Hospital Facilities (over 40 beds) | | |
| 1.6.1 | St. Mary's Hospital, Camrose | 4,888,000 | 636,525 |
| 1.6.2 | Sturgeon General Hospital, St. Albert | 1,165,000 | 221,532 |
| 1.6.3 | Wetaskiwin General | 1,275,000 | 447,071 |
| 1.6.4 | Community-Based Facilities | 57,471,000 | 58,167,734 |
| 1.7 | Rural Community-Based Hospital Facilities (40 beds and under) | | |
| 1.7.1 | Northwest region | 14,571,000 | 10,509,530 |
| 1.7.2 | Northeast region | 2,320,000 | 2,555,520 |
| 1.7.3 | Central region | 2,300,000 | 217,944 |
| 1.7.4 | Southern region | 1,238,000 | 92,582 |
| 1.8 | Long-Term Chronic Care | | |
| 1.8.1 | Auxiliary Hospital and Nursing Home District #7, Calgary | 526,000 | — |
| 1.8.2 | Good Samaritan Hospital, Edmonton | 7,490,000 | 9,027,840 |
| 1.8.3 | Rural long-term chronic care facilities | 7,906,000 | 1,656,193 |
| 1.8.4 | Millwoods Shepherd's Care Auxiliary | — | 13,415 |
| 1.8.5 | St. Michael's Auxiliary, Edmonton | — | 10,406 |
| 1.9 | Supervised Personal Care | | |
| 1.9.1 | District nursing homes | 364,000 | 63,740 |
| | | <u>281,128,000</u> | <u>237,660,164</u> |

| Vote and Ref. No. | Program/Element | Estimates | Expended |
|----------------------|---|----------------------|----------------------|
| Advanced Education | | | |
| 2 | Construction of Post-Secondary Education Facilities | | |
| 2.1 | Universities | | |
| 2.1.1 | University of Alberta | \$ 9,700,000 | \$ 9,660,000 |
| 2.1.2 | University of Calgary | 14,200,000 | 14,200,000 |
| 2.1.3 | University of Lethbridge | 600,000 | 640,000 |
| 2.2 | Public Colleges | | |
| 2.2.1 | Fairview College | — | — |
| 2.2.2 | Grande Prairie Regional College | — | 1,000,000 |
| 2.2.3 | Grant MacEwan Community College | 2,272,000 | 2,272,000 |
| 2.2.4 | Lakeland College | 5,500,000 | 900,000 |
| 2.2.5 | Lethbridge Community College | — | — |
| 2.2.6 | Mount Royal College | 17,330,000 | — |
| 2.2.7 | Olds College | 1,600,000 | 1,600,000 |
| 2.2.8 | Alberta College of Art | — | 80,000 |
| 2.3 | Hospital-Based Nursing Education | | |
| 2.3.1 | Alberta Hospital Edmonton | 31,000 | 31,000 |
| 2.3.2 | Alberta Hospital Ponoka | 100,000 | — |
| 2.3.3 | Foothills Provincial General Hospital | 193,000 | 193,000 |
| 2.3.4 | Misericordia Hospital | 58,000 | 58,000 |
| 2.3.5 | University of Alberta Hospitals | 84,000 | 84,000 |
| | | <u>51,668,000</u> | <u>30,718,000</u> |
| | | <u>\$332,796,000</u> | <u>\$268,378,164</u> |

ALBERTA HERITAGE FOUNDATION FOR
MEDICAL RESEARCH ENDOWMENT FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Income and Retained Earnings
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Investments

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Alberta Heritage Foundation for Medical Research Endowment Fund as at March 31, 1987 and the statements of income and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
September 9, 1987

C.A.
Auditor General

ALBERTA HERITAGE FOUNDATION FOR
MEDICAL RESEARCH ENDOWMENT FUND
BALANCE SHEET
MARCH 31, 1987

| | 1987 | 1986 |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash (Note 3) | \$ 17,992,261 | \$ 20,542,016 |
| Accrued interest and accounts receivable | 11,508,911 | 11,135,407 |
| Investments, Schedule 1 | 414,595,989 | 407,324,765 |
| | <u>\$444,097,161</u> | <u>\$439,002,188</u> |
| LIABILITIES, ENDOWMENT AND RETAINED EARNINGS | | |
| Liabilities: | | |
| Accounts payable | \$ 2,480 | \$ — |
| Endowment (Note 5) | 300,000,000 | 300,000,000 |
| Retained earnings (Note 5) | 144,094,681 | 139,002,188 |
| | <u>\$444,097,161</u> | <u>\$439,002,188</u> |

The accompanying notes are part
of these financial statements.

ALBERTA HERITAGE FOUNDATION FOR
MEDICAL RESEARCH ENDOWMENT FUND
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|---|----------------------|----------------------|
| Income: | | |
| Investment income | \$ 51,399,858 | \$ 49,350,151 |
| Net gain on disposals of investments | 5,506,748 | 1,672,883 |
| Amortization of deferred realized gains and losses on investments | 1,165,161 | 731,127 |
| Write-down of investments and provision for decline in market value | 20,726 | (297,333) |
| Net income (Note 4) | 58,092,493 | 51,456,828 |
| Retained earnings at beginning of year | 139,002,188 | 132,545,360 |
| | 197,094,681 | 184,002,188 |
| Transfer to the Alberta Heritage Foundation for Medical Research | 53,000,000 | 45,000,000 |
| Retained earnings at end of year | <u>\$144,094,681</u> | <u>\$139,002,188</u> |

ALBERTA HERITAGE FOUNDATION FOR
MEDICAL RESEARCH ENDOWMENT FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|----------------------|----------------------|
| Operating transactions: | | |
| Net income | \$ 58,092,493 | \$ 51,456,828 |
| Non-cash items: | | |
| Amortization of discount/premium on investments, net | (9,455,373) | (6,078,463) |
| Amortization of deferred realized gains and losses on investments | (1,165,161) | (731,127) |
| Net gain on disposals of investments | (5,506,748) | (1,672,883) |
| Write-down of investments and provision for decline in market value | (20,726) | 297,333 |
| Decrease (increase) in receivables | (373,504) | 978,540 |
| Increase in payables | <u>2,480</u> | <u>—</u> |
| Cash provided by operating transactions | <u>41,573,461</u> | <u>44,250,228</u> |
| Investing transactions: | | |
| Proceeds from disposals, repayments and redemptions of investments | 167,485,197 | 171,008,567 |
| Investments | (159,915,496) | (181,673,853) |
| Deferred realized gains and losses on investments | <u>1,307,083</u> | <u>1,325,399</u> |
| Cash provided by (applied to) investing transactions | <u>8,876,784</u> | <u>(9,339,887)</u> |
| Transfer to the Alberta Heritage Foundation for Medical Research | <u>(53,000,000)</u> | <u>(45,000,000)</u> |
| Decrease in cash | 2,549,755 | 10,089,659 |
| Cash at beginning of year | <u>20,542,016</u> | <u>30,631,675</u> |
| Cash at end of year | <u>\$ 17,992,261</u> | <u>\$ 20,542,016</u> |

ALBERTA HERITAGE FOUNDATION FOR
MEDICAL RESEARCH ENDOWMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Heritage Foundation for Medical Research Endowment Fund operates under the authority of the Alberta Heritage Foundation for Medical Research Act, Chapter A-26, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies and Reporting Practices

(i) These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:

(a) Bonds, bond coupons and residuals, mid-term money market securities and mortgages are carried at cost adjusted for deferred unamortized realized gains and losses.

Realized gains and losses on disposals of these investments are considered to be an adjustment of future portfolio yield and are deferred and amortized on a straight line basis over the lesser of the remaining term to maturity of the investment disposed of or ten years.

(ii) Other significant accounting policies are as follows:

(a) Common and preferred shares, warrants, pooled equity trust units and short-term money market securities are carried at cost.

Realized gains and losses on disposals of these investments are included in the determination of net income.

(b) Investments in real estate are carried at the lower of cost and appraised value (see Schedule 1 Note (c)).

Rental income less expenses is included in the determination of investment income of the Fund as participating interest received or accrued on the debentures (see Schedule 1 Note (c)).

Realized gains and losses on disposals of these investments are included in the determination of net income.

(c) The cost of investments includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investments.

The cost of investments disposed of is determined on the average cost basis.

(d) Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Each asset, liability, revenue or expense arising from a foreign currency transaction is translated into Canadian dollars by the use of an average exchange rate in effect at the transaction date.

At the balance sheet date, cash, accrued interest and accounts receivable, short-term money market securities and accounts payable denominated in foreign currency are translated at the rate of exchange in effect at that date.

Gains and losses arising from the translation of foreign currencies are included in the determination of net income except that unrealized exchange gains or losses relating to hedged monetary assets are deferred. Amounts deferred are included in accounts payable.

Note 3 Cash

| | 1987 | 1986 |
|----------------------------------|---------------------|---------------------|
| Deposit in the Consolidated Cash | | |
| Investment Trust Fund | \$15,555,612 | \$18,653,566 |
| U.S. dollar bank accounts | 2,436,649 | 1,888,450 |
| | <u>\$17,992,261</u> | <u>\$20,542,016</u> |

Note 4 Segmented Information

Segmented information on net income is as follows:

| | 1987 | 1986 |
|---------------------------------------|---------------------|---------------------|
| Cash | \$ 1,769,863 | \$ 3,181,256 |
| Bonds | 33,823,278 | 28,471,398 |
| Bond coupons and residuals | 10,957,331 | 10,580,649 |
| Money market securities | 1,963,928 | 3,882,928 |
| Mortgages | 2,114,585 | 2,110,671 |
| Common and preferred shares, warrants | | |
| and pooled equity trust units | 7,249,480 | 3,387,942 |
| Real estate | 214,028 | (158,016) |
| | <u>\$58,092,493</u> | <u>\$51,456,828</u> |

Note 5 Endowment

The endowment was received from the Alberta Heritage Savings Trust Fund on March 31, 1980. The Alberta Heritage Foundation for Medical Research Act provides that money required by the Foundation for the furtherance of its objects shall be paid from the Fund, but no money shall be paid out of the Fund if the payment would result in the value of the assets of the Fund, at cost, being less than the endowment received by the Fund.

Note 6 Approval of Financial Statements

These financial statements were approved by management.

Schedule

ALBERTA HERITAGE FOUNDATION FOR
MEDICAL RESEARCH ENDOWMENT FUND
INVESTMENTS
MARCH 31, 1987

| | 1987 | | | 1986 | |
|--|---------------|----------------------|----------------------|----------------------|----------------------|
| | Par Value | Book Value | Market Value | Book Value | Market Value |
| Bonds: | | | | | |
| Government of Canada, direct and guaranteed | \$213,000,000 | \$219,891,068 | \$261,814,663 | \$211,560,705 | \$250,319,722 |
| Provincial: | | | | | |
| Alberta, guaranteed | 3,000,000 | 3,014,781 | 3,138,850 | 2,015,051 | 2,044,653 |
| Other, direct and guaranteed | 12,800,000 | 12,475,273 | 13,217,019 | 9,081,664 | 9,669,381 |
| Corporate | 16,085,433 | 16,453,556 | 17,902,948 | 16,370,531 | 18,247,679 |
| Corporate, convertible | 2,167,000 | 2,247,605 | 2,269,740 | 3,468,569 | 3,612,477 |
| Mid-term money market securities: | | | | | |
| Promissory notes | 7,000,000 | 6,997,922 | 7,295,550 | 7,027,540 | 7,428,120 |
| Certificates of deposit | — | — | — | 1,000,000 | 1,058,472 |
| Mortgages, participating | 17,033,033 | 16,840,860 | 21,611,851 | 14,495,916 | 18,501,199 |
| Bond coupons and residuals: | | | | | |
| Government of Canada, direct | | 83,489,739 | 86,474,114 | 89,666,579 | 92,951,833 |
| Deferred unamortized realized gains and losses | | (4,535,279) | — | (4,393,357) | — |
| | | 356,875,525 | 413,724,735 | 350,293,198 | 403,833,536 |
| Short-term money market securities (a): | | | | | |
| Treasury bills: | | | | | |
| Government of Canada | | 992,885 | 992,885 | 6,597,472 | 6,597,472 |
| Government of the United States of America | | — | — | 6,486,069 | 6,486,069 |
| Promissory notes | | 724,300 | 724,300 | 2,911,210 | 2,911,210 |
| Bankers' acceptances | | — | — | 724,077 | 724,077 |
| Common and preferred shares, warrants and pooled equity trust units: | | | | | |
| Quoted securities | | 45,317,962 | 73,746,063 | 33,812,129 | 56,296,281 |
| Unquoted securities (b) | | 7,362,530 | 7,276,991 | 3,321,018 | 3,249,646 |
| Real estate - cost | | | | | |
| \$3,566,059 (1986 - \$3,476,925) (c) | | 3,322,787 | 3,322,787 | 3,179,592 | 3,179,592 |
| | | <u>\$414,595,989</u> | <u>\$499,787,761</u> | <u>\$407,324,765</u> | <u>\$483,277,883</u> |

(a) The market value of short-term money market securities is estimated to approximate cost.

(b) The market value of unquoted common and preferred shares and warrants is estimated by management appraisal.

(c) Real estate is held through an intermediate company which has issued participating debentures secured by a charge on the real estate. The rental income less expenses is distributed to the Fund as participating interest on the debentures. The market value of real estate is estimated by independent appraisal.

ALBERTA HERITAGE SAVINGS TRUST FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Income, Retained Earnings, Transfers, Amounts
Expended and Fund Equity
Statement of Changes in Financial Position
Capital Projects Division, Statement of Amounts Expended
Notes to the Financial Statements
Schedule of Cash and Marketable Securities
Schedule of Canada Investment Division Investments
Schedule of Alberta Investment Division Investments
Schedule of Energy Investment Division Investments
Schedule of Commercial Investment Division Investments
Schedule of Capital Projects Division Investments - Assets
Schedule of Capital Projects Division Investments - Deemed Assets

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Alberta Heritage Savings Trust Fund as at March 31, 1987 and the statements of income, retained earnings, transfers, amounts expended and fund equity, changes in financial position and Capital Projects Division amounts expended for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

The practice of including deemed assets and deemed equity represented by deemed assets on the balance sheet is not appropriate because deemed assets are not assets of the Fund nor is the presentation in accordance with generally accepted accounting principles. Deemed assets represent amounts expended which are not recoverable by the Fund and where assets do exist, they belong to other organizations. Although it has been interpreted by management that the Alberta Heritage Savings Trust Fund Act requires the disclosure of deemed assets on the balance sheet, the financial position of the Fund would be better understood if the deemed assets and deemed equity represented by deemed assets which both amount to \$2,629,287,000 were not included.

In my opinion, except that the inclusion of deemed assets and deemed equity represented by deemed assets on the balance sheet is not appropriate as explained in the preceding paragraph, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations, the changes in its financial position and the amounts expended within the Capital Projects Division for the year then ended, in accordance with the disclosed basis of accounting, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald W. Salmon

C.A.
Auditor General

Edmonton, Alberta
June 19, 1987

ALBERTA HERITAGE SAVINGS TRUST FUND
BALANCE SHEET
MARCH 31, 1987
(thousands of dollars)

| | 1987 | 1986 |
|--|---------------------|---------------------|
| ASSETS | | |
| Assets: | | |
| Cash and marketable securities, Schedule 1 | \$ 2,252,509 | \$ 1,775,012 |
| Accrued interest and accounts receivable | 346,566 | 449,800 |
| Due from the General Revenue Fund | — | 16,988 |
| Canada Investment Division investments, Schedule 2 | 1,857,220 | 1,863,587 |
| Alberta Investment Division investments, Schedule 3 | 7,846,737 | 8,177,305 |
| Energy Investment Division investments, Schedule 4 | 8,750 | 16,250 |
| Commercial Investment Division investments, Schedule 5 | 232,752 | 217,272 |
| Capital Projects Division investments, Schedule 6 | 199,997 | 199,998 |
| | <u>\$12,744,531</u> | <u>\$12,716,212</u> |
| Deemed Assets: | | |
| Capital Projects Division investments, Schedule 7 | <u>\$ 2,629,287</u> | <u>\$ 2,402,481</u> |
| LIABILITIES AND FUND EQUITY | | |
| Liabilities: | | |
| Accounts payable | \$ 48,089 | \$ 23,512 |
| Due to the General Revenue Fund | 14,157 | — |
| | 62,246 | 23,512 |
| Fund Equity | <u>12,682,285</u> | <u>12,692,700</u> |
| | <u>\$12,744,531</u> | <u>\$12,716,212</u> |
| Deemed equity represented by deemed assets | <u>\$ 2,629,287</u> | <u>\$ 2,402,481</u> |

The accompanying notes are part
of these financial statements.

ALBERTA HERITAGE SAVINGS TRUST FUND
STATEMENT OF INCOME, RETAINED EARNINGS, TRANSFERS,
AMOUNTS EXPENDED AND FUND EQUITY
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | 1987 | 1986 |
|---|---------------------|---------------------|
| Income and Retained Earnings: | | |
| Investment income before the undernoted | \$ 1,440,661 | \$ 1,563,469 |
| Net gain on disposals of investments | 11,084 | 111,089 |
| Write-off and write-down of investments | (5,801) | (6,249) |
| Net investment income (Note 4) | 1,445,944 | 1,668,309 |
| Administrative expenses (Note 5) | 1,038 | 1,446 |
| Net income | 1,444,906 | 1,666,863 |
| Transfer to the General Revenue Fund (Note 6) | 1,444,906 | 1,666,863 |
| Net increase in retained earnings | — | — |
| Retained earnings at beginning and end of year | <u>3,262,247</u> | <u>3,262,247</u> |
| Transfers from the General Revenue Fund: | | |
| Non-renewable resource revenue transfer (Note 7) | 216,391 | 684,637 |
| Cumulative transfers at beginning of year | 11,832,934 | 11,148,297 |
| Cumulative transfers at end of year | <u>12,049,325</u> | <u>11,832,934</u> |
| Amounts expended under the Capital Projects Division: | | |
| Amounts expended during the year | (226,806) | (240,088) |
| Cumulative amounts expended at beginning of year | (2,402,481) | (2,162,393) |
| Cumulative amounts expended at end of year | <u>(2,629,287)</u> | <u>(2,402,481)</u> |
| Fund equity at end of year | <u>\$12,682,285</u> | <u>\$12,692,700</u> |

ALBERTA HERITAGE SAVINGS TRUST FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|---|---------------------|---------------------|
| Operating transactions: | | |
| Net income | \$ 1,444,906 | \$ 1,666,863 |
| Non-cash items: | | |
| Net gain on disposals of investments | (11,084) | (111,089) |
| Amortization of discount/premium on investments, net | (5,080) | (5,996) |
| Write-off and write-down of investments | 5,801 | 6,249 |
| Decrease (increase) in receivables | 120,222 | (19,900) |
| Increase (decrease) in payables | 38,734 | (2,196) |
| Cash provided by operating transactions | <u>1,593,499</u> | <u>1,533,931</u> |
| Investing transactions: | | |
| Proceeds from disposals, repayments and redemptions of investments: | | |
| Canada Investment Division | 8,300 | 8,300 |
| Alberta Investment Division | 743,683 | 619,991 |
| Energy Investment Division | 7,500 | 7,500 |
| Commercial Investment Division | 114,784 | 47,753 |
| Capital Projects Division | 1 | 1 |
| Investments: | | |
| Alberta Investment Division | (410,840) | (543,840) |
| Commercial Investment Division | (124,109) | (57,445) |
| Cash provided by investing transactions | <u>339,319</u> | <u>82,260</u> |
| Transfers and Amounts Expended: | | |
| Non-renewable resource revenue transfer from the General Revenue Fund | 216,391 | 684,637 |
| Transfer to the General Revenue Fund | (1,444,906) | (1,666,863) |
| Capital Projects Division amounts expended | (226,806) | (240,088) |
| Cash applied to transfers and amounts expended | <u>(1,455,321)</u> | <u>(1,222,314)</u> |
| Increase in cash and marketable securities | 477,497 | 393,877 |
| Cash and marketable securities at beginning of year | <u>1,775,012</u> | <u>1,381,135</u> |
| Cash and marketable securities at end of year | <u>\$ 2,252,509</u> | <u>\$ 1,775,012</u> |

ALBERTA HERITAGE SAVINGS TRUST FUND
STATEMENT OF AMOUNTS EXPENDED
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| Department/Project | Amounts Authorized(a) | Amounts Expended | Unexpended (Over Expended) |
|---|--------------------------|---------------------|-------------------------------|
| Agriculture | | | |
| Farming For The Future | \$ 5,000 | \$ 4,711 | \$ 289 |
| Food Processing Development Centre | 885 | 847 | 38 |
| Irrigation Rehabilitation and Expansion | 30,000 | 29,907 | 93 |
| Community and Occupational Health | | | |
| Occupational Health and Safety Research and Education | 2,000 | 1,414 | 586 |
| Energy | | | |
| Alberta Oil Sands Technology and Research Authority | 31,400 | 31,400 | — |
| Solar/Wind Energy Research | 1,000 | — | 1,000 |
| Environment | | | |
| Irrigation Headworks and Main Irrigation Systems Improvement | 60,000 | 59,904 | 96 |
| Land Reclamation | 3,000 | 2,835 | 165 |
| Paddle River Basin Development | 1,050 | 469 | 581 |
| Forestry, Lands and Wildlife | | | |
| Grazing Reserves Development | 5,291 | 4,409 | 882 |
| Maintaining Our Forests | 745 | 724 | 21 |
| Hospitals and Medical Care | | | |
| Applied Cancer Research | 4,923 | 4,806 | 117 |
| Walter C. Mackenzie Health Sciences Centre | 33,500 | 32,013 | 1,487 |
| Public Works, Supply and Services | | | |
| Capital City Recreation Park | 850 | 67 | 783 |
| Fish Creek Provincial Park (Land) | 350 | 76 | 274 |
| Recreation and Parks | | | |
| Kananaskis Country Recreation Development | 11,872 | 9,446 | 2,426 |
| Municipal Recreation/Tourism Areas | 4,000 | 3,475 | 525 |
| Urban Parks | 4,256 | 4,242 | 14 |
| Technology, Research and Telecommunications | | | |
| Electronics Test Centre | 565 | 565 | — |
| Microchip Design and Fabrication Facilities | 5,496 | 5,496 | — |
| Transportation and Utilities | | | |
| Universal Rural Private Telephone Line Service | 30,000 | 30,000 | — |
| | <u>\$236,183</u> | <u>\$226,806</u> | <u>\$9,377</u> |

- (a) Amounts authorized under the Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Act, 1986-87 have been reduced by liabilities of the prior fiscal year which exceeded the available authority in the case of Food Processing Development Centre in the amount of twenty thousand dollars.

ALBERTA HERITAGE SAVINGS TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Heritage Savings Trust Fund operates under the authority of the Alberta Heritage Savings Trust Fund Act, Chapter A-27, Revised Statutes of Alberta 1980, as amended.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

- (i) These financial statements have been prepared in accordance with generally accepted accounting principles, except as follows:
 - (a) The investment in Alberta Energy Company Ltd., which represents 37% of the total number of issued and outstanding voting shares of the company, included in the Alberta Investment Division is valued at cost. Income is recognized only to the extent that dividends are received or receivable. The book value of the investment is not adjusted for the Fund's pro rata share of retained earnings of the company.
 - (b) Capital Projects Division investments represent the aggregate net amount expended from November 4, 1976 to March 31, 1987 under the authority of "Appropriation Acts" passed pursuant to subsection 6(2)(a) of the Alberta Heritage Savings Trust Fund Act. These investments are deemed to be assets of the Trust Fund with a value equal to the amounts expended pursuant to subsection 6(8)(a) of the Alberta Heritage Savings Trust Fund Act (see Note 3). Amounts expended which are recoverable by the Fund are shown separately as assets of the Fund. Amounts expended, not recoverable by the Fund, are included in the determination of Fund Equity and are shown as deemed assets on the balance sheet.
- (ii) Other significant accounting policies are as follows:
 - (a) Securities included in the Canada Investment Division, the Alberta Investment Division, the Energy Investment Division and the Commercial Investment Division are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the securities.
 - (b) The participation in the Syncrude Project, included in the Alberta Investment Division, is accounted for on the equity basis.
 - (c) Bonds, bond coupons and residuals and mid-term money market securities included in marketable securities are valued at cost or market value, whichever is lower, on an aggregate basis. Short-term money market securities are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the securities.
 - (d) The cost of disposals is determined on the average cost basis. Gains and losses arising as a result of disposals and any change in the provision to adjust the cost of marketable securities to the lower of cost or market value, on an aggregate basis, are included in the determination of net investment income.
 - (e) Investment income is recorded on the accrual basis where there is reasonable assurance as to its measurement and collectability.
 - (f) Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.
 - (g) Marketable securities and payables in respect of forward exchange contracts denominated in foreign currency are translated at the current rate of exchange at the balance sheet date. Unrealized exchange gains or losses which relate to the translation of hedged monetary assets are deferred.
Amounts deferred are included in accounts payable.

Note 3 Compliance Information

The Investment Divisions shown on the balance sheet were established pursuant to section 6 of the Alberta Heritage Savings Trust Fund Act. Investments made under each of the Capital Projects Division and the Canada Investment Division are limited to 20% of the assets of the Trust Fund. For the purpose of determining the assets of the Trust Fund to which these percentage limitations apply, the Act provides that investments in the Capital Projects Division shall be deemed to be assets of the Trust Fund with a value equal to the amounts expended, while all other assets of the Trust Fund shall be valued at book value. Compliance information with respect to these statutory limits is provided in the table below.

| | <u>1987</u> | <u>% of Assets</u> | <u>1986</u> | <u>% of Assets</u> |
|---|-------------------------|------------------------|-------------------------|------------------------|
| Capital Projects Division investments: | | | | |
| Schedule 6 | \$ 199,997,000 | | \$ 199,998,000 | |
| Schedule 7 | 2,629,287,000 | | 2,402,481,000 | |
| | <u>2,829,284,000</u> | 18 | <u>2,602,479,000</u> | 17 |
| Canada Investment Division investments: | | | | |
| Schedule 2 | 1,857,220,000 | 12 | 1,863,587,000 | 12 |
| Other assets | 10,625,068,000 | 70 | 10,629,115,000 | 71 |
| | <u>\$15,311,572,000</u> | <u>100</u> | <u>\$15,095,181,000</u> | <u>100</u> |

Note 4 Segmented Information

Segmented information on net investment income is as follows:

| | <u>1987</u> | <u>1986</u> |
|---|------------------------|------------------------|
| Cash and marketable securities: | | |
| Deposit in the Consolidated Cash Investment Trust Fund | \$ 21,190,000 | \$ 16,522,000 |
| Money market securities, short-term and mid-term | 140,500,000 | 131,767,000 |
| Bond coupons and residuals | 2,834,000 | 1,498,000 |
| Bonds | 3,180,000 | 34,787,000 |
| Canada Investment Division investments: | | |
| Debentures | 237,398,000 | 238,417,000 |
| Alberta Investment Division investments: | | |
| Money market securities, mid-term | — | 2,433,000 |
| Debentures | 975,571,000 | 1,033,704,000 |
| Common shares | 4,952,000 | 108,901,000 |
| Participation in Syncrude Project | 33,572,000 | 72,022,000 |
| Energy Investment Division investments: | | |
| Debenture | 1,999,000 | 3,080,000 |
| Commercial Investment Division investments: | | |
| Money market securities, short-term | 871,000 | 427,000 |
| Convertible bonds | 3,644,000 | 1,655,000 |
| Common and preferred shares | 12,050,000 | 15,400,000 |
| Capital Projects Division investments: | | |
| Participating debenture of Vencap Equities Alberta Ltd. | 8,183,000 | 7,696,000 |
| | <u>\$1,445,944,000</u> | <u>\$1,668,309,000</u> |

Note 5 Administrative Expenses

| | <u>1987</u> | <u>1986</u> |
|--|--------------------|--------------------|
| Expenses paid directly from the Fund pursuant to section 11(1) of the Alberta Heritage Savings Trust Fund Act | \$ 90,000 | \$ 368,000 |
| Other administrative expenses estimated and charged to the Fund pursuant to section 11(2) of the Alberta Heritage Savings Trust Fund Act | 948,000 | 1,078,000 |
| | <u>\$1,038,000</u> | <u>\$1,446,000</u> |

Administrative expenses for the year ended March 31, 1987 relating to the Syncrude Project estimated at \$594,000 (1986 - \$569,000) are not included in other administrative expenses but are reflected in results of operations of the project for the year.

Administrative expenses for 1986 include an amount of \$210,000 expended to communicate the role and activities of the Fund. No such expenditure was incurred during the year ended March 31, 1987.

Note 6 Transfer to the General Revenue Fund

All of the net income of the Fund has been transferred to the General Revenue Fund pursuant to section 4(2) of the Alberta Heritage Savings Trust Fund Act.

Note 7 Non-renewable Resource Revenue Transfer

15% (1986 - 15%) of the net non-renewable resource revenue received by the Province during the year ended March 31, 1987 has been transferred to the Alberta Heritage Savings Trust Fund pursuant to section 1 of the Alberta Heritage Savings Trust Fund Special Appropriation Act, 1986-87 and section 5(5) of the Alberta Heritage Savings Trust Fund Act.

In determining the amount of the net non-renewable resource revenue, the following amounts have been deducted from the non-renewable resource revenue received:

- (i) transfers during the year to the Alberta Petroleum Incentives Program Fund, pursuant to section 3(2) of the Petroleum Incentives Program Act,
- (ii) exploratory drilling, development drilling, geophysical exploration and well servicing grants paid and credits applied during the year, pursuant to section 4.1(2) and (3) of the Mines and Minerals Act, and
- (iii) royalty tax credits paid, pursuant to section 26.41 of the Alberta Corporate Income Tax Act and section 12.2 of the Alberta Income Tax Act.

For the 1987-88 fiscal year, none of the non-renewable resource revenue received by the Province will be transferred to the Alberta Heritage Savings Trust Fund.

Note 8 Contingencies

Claims and potential claims pending at March 31, 1987 in respect of various capital projects exceed amounts expended by approximately \$17,940,000 (1986 - \$16,330,000). The resulting loss, if any, from these claims and potential claims cannot be determined.

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to the 1987 presentation.

Note 10 Approval of Financial Statements

These financial statements were approved by management.

ALBERTA HERITAGE SAVINGS TRUST FUND
CASH AND MARKETABLE SECURITIES
MARCH 31, 1987

| | 1987 | | 1986 | |
|--|------------------------|--------------------|--------------------|--------------------|
| | Cost | Market Value | Cost | Market Value |
| | (thousands of dollars) | | | |
| Bonds: | | | | |
| Government of Canada, direct | \$ — | \$ — | \$ 10,159 | \$ 10,181 |
| Provincial, direct and guaranteed: | | | | |
| Alberta | — | — | 1,410 | 1,379 |
| Other provinces | — | — | 24,442 | 23,805 |
| | — | — | 36,011 | 35,365 |
| Bond coupons and residuals: | | | | |
| Government of Canada, direct | 1,127 | 1,130 | 49,545 | 49,371 |
| Mid-term money market securities: | | | | |
| Promissory note | — | — | 6,838 | 6,788 |
| Certificate of deposit | 3,000 | 3,002 | 3,000 | 3,035 |
| | 3,000 | 3,002 | 9,838 | 9,823 |
| Short-term money market securities (a): | | | | |
| Treasury bills: | | | | |
| Government of Canada | 504,203 | 504,203 | 720,821 | 720,821 |
| Province of Alberta | 4,992 | 4,992 | — | — |
| Other provinces | 28,294 | 28,294 | 168,793 | 168,793 |
| Promissory notes: | | | | |
| Province of Alberta | 981,371 | 981,371 | 35,000 | 35,000 |
| Other | 133,919 | 133,919 | 249,596 | 249,596 |
| Bankers' acceptances | 369,312 | 369,312 | 120,509 | 120,509 |
| Deposit receipts | 105,158 | 105,158 | 146,178 | 146,178 |
| Bearer deposit notes | 11,868 | 11,868 | 85,239 | 85,239 |
| Certificates of deposit and guaranteed investment certificate | 10,944 | 10,944 | 60,000 | 60,000 |
| | 2,150,061 | 2,150,061 | 1,586,136 | 1,586,136 |
| Deposit in the Consolidated Cash Investment Trust Fund | 98,321 | 98,321 | 94,317 | 94,317 |
| | <u>\$2,252,509</u> | <u>\$2,252,514</u> | <u>\$1,775,847</u> | <u>\$1,775,012</u> |

(a) The market value of short-term money market securities is estimated to approximate cost.

ALBERTA HERITAGE SAVINGS TRUST FUND
CANADA INVESTMENT DIVISION INVESTMENTS
MARCH 31, 1987

| | 1987 | Cost | |
|--|--------------------|------------------------|--------------------|
| | Par Value | 1987 | 1986 |
| | | (thousands of dollars) | |
| Debentures (a): | | | |
| Province of Manitoba | \$ 260,000 | \$ 259,202 | \$ 258,958 |
| Province of New Brunswick | 247,000 | 245,385 | 245,080 |
| New Brunswick Electric Power Commission | 135,000 | 133,618 | 133,471 |
| Province of Newfoundland | 155,000 | 154,604 | 154,400 |
| Newfoundland and Labrador Hydro | 150,000 | 148,355 | 148,227 |
| Newfoundland Municipal Financing Corporation | 71,500 | 70,896 | 72,541 |
| Province of Nova Scotia | 235,000 | 232,446 | 232,243 |
| Nova Scotia Municipal Finance Corporation | 48,250 | 48,055 | 52,620 |
| Nova Scotia Power Corporation | 125,000 | 123,977 | 123,886 |
| Province of Prince Edward Island | 64,000 | 63,097 | 65,028 |
| Hydro-Quebec | 385,000 | 377,585 | 377,133 |
| | <u>\$1,875,750</u> | <u>\$1,857,220</u> | <u>\$1,863,587</u> |

- (a) Debentures bear interest rates from 9.50% to 17.75% with maturity dates from September 30, 1987 to July 15, 2005. The debentures are redeemable by a single payment of the full principal sum on maturity.

ALBERTA HERITAGE SAVINGS TRUST FUND
ALBERTA INVESTMENT DIVISION INVESTMENTS
MARCH 31, 1987

| | 1987 | 1986 |
|--|------------------------|--------------------|
| | (thousands of dollars) | |
| Provincial corporation debentures (a): | | |
| Alberta Agricultural Development Corporation | \$1,003,760 | \$1,041,240 |
| Alberta Government Telephones Commission | 1,298,407 | 1,472,677 |
| Alberta Mortgage and Housing Corporation | 3,396,194 | 3,387,356 |
| Alberta Municipal Financing Corporation | 1,279,576 | 1,456,032 |
| Alberta Opportunity Company | 155,600 | 162,400 |
| Corporate debentures: | | |
| Bralorne Resources Limited | | |
| 12.875% maturing on August 15, 1995 | 3,500 | 3,875 |
| IPSCO Inc. | | |
| 14.50% maturing on May 15, 1995 | 3,462 | 3,846 |
| Ridley Grain Ltd. | | |
| 11% participating first mortgage bonds (b) | 133,976 | 133,976 |
| Common shares: | | |
| Alberta Energy Company Ltd. (c) | 87,346 | 55,708 |
| Bank of Alberta | 1,600 | 1,600 |
| Participation in Syncrude Project (d) | 483,316 | 458,595 |
| | <u>\$7,846,737</u> | <u>\$8,177,305</u> |

- (a) Provincial corporation debentures bear interest rates from 7.57% to 18.05% with maturity dates from May 3, 1987 to March 29, 2015. Interest rates on Alberta Government Telephones Commission and Alberta Municipal Financing Corporation debentures are fixed to maturity and redemption is by a single payment of the full principal sum on maturity. In general the interest rates on the other provincial corporation debentures are fixed for a 5 year period only and repayment is by annual instalments of the principal sum over the life of the debenture. The Provincial Treasurer may permit all or part of the other provincial corporation debentures to be redeemed by the issuer prior to maturity without penalty.

During the year debentures amounting to \$32,851,000 (1986 - \$42,139,000) were redeemed prior to maturity.

- (b) The Province's contractual obligations to invest monies in participating first mortgage bonds of Ridley Grain Ltd. have been met up to the maximum authorized to be paid from the Fund. The monies have been used to finance the construction of a grain terminal at Ridley Island, Prince Rupert, British Columbia. Under the terms of the debenture, prior to completion of the project, interest on the bonds is capitalized and compounded annually; thereafter interest is compounded semi-annually and payable annually and any shortfall is to be capitalized. The principal, including capitalized interest, is repayable on or before July 31, 2015. No interest has been capitalized or accrued since July 31, 1985, the date of completion of the project. Income from the bonds is recognized to the extent that interest is received.

The Fund's investment in the project at March 31, 1987 includes capitalized interest of \$27,726,000 (1986 - \$27,726,000).

- (c) Pursuant to section 19(1) of the Alberta Energy Company Act, the Province may not hold more than 50% of the voting shares of the company and the aggregate amount that the Province may have invested in the company at any time, or be committed to invest, in common shares shall not exceed \$250 million as the purchase price thereof. At March 31, 1987 the Fund held 19,257,732 common shares of the company (1986 - 16,506,627 common shares) representing 37% (1986 - 37%) of the total number of issued and outstanding voting shares of the company.

The company reported retained earnings at December 31, 1986 of \$154,600,000 (1985 - \$221,400,000).

- (d) Authorization has been given to pay from the Fund the Province's share of construction and operating costs incurred under the Syncrude Project - Ownership and Management Agreement. As a 16.74% participant in the project the Fund is, as lessee, entitled to its proportionate share of all substances produced subject to the liabilities to the Province of Alberta, as lessor, in accordance with the Alberta Crown Agreement. The Fund's participation in the project is summarized hereunder:

| | 1987 | 1986 |
|------------------------------|-----------------------|-----------------------|
| Balance at beginning of year | \$ 458,595,000 | \$ 439,035,000 |
| Advances | 158,203,000 | 206,256,000 |
| Repayments | (167,054,000) | (258,718,000) |
| Net profit for the year | <u>33,572,000</u> | <u>72,022,000</u> |
| Balance at end of year | <u>\$ 483,316,000</u> | <u>\$ 458,595,000</u> |

In March 1985 the participants in the project approved acquisitions of capital assets over the ensuing 3 years which will cost them approximately \$750 million. The Fund's share of the cost will amount to approximately \$126 million, of which \$73.2 million has been paid to March 31, 1987.

Schedule

ALBERTA HERITAGE SAVINGS TRUST FUND
ENERGY INVESTMENT DIVISION INVESTMENTS
MARCH 31, 1987

| | 1987 | 1986 |
|--------------------------------------|------------------------|-----------------|
| | (thousands of dollars) | |
| Corporate debenture: | | |
| Luscar Ltd. | | |
| 13.875% maturing on December 2, 1989 | <u>\$8,750</u> | <u>\$16,250</u> |

Repayable in quarterly instalments of \$1,250,000. An additional instalment to a maximum of \$2,500,000 each year may be made at the company's option with a premium.

ALBERTA HERITAGE SAVINGS TRUST FUND
COMMERCIAL INVESTMENT DIVISION INVESTMENTS
MARCH 31, 1987

| | 1987 | | 1986 | |
|---|------------------------|------------------|------------------|------------------|
| | Cost | Market Value | Cost | Market Value |
| | (thousands of dollars) | | | |
| Canadian equities (a): | | | | |
| Common shares: | | | | |
| Communications and media | \$ 15,621 | \$ 35,244 | \$ 7,074 | \$ 20,912 |
| Consumer products | 17,358 | 44,481 | 23,381 | 48,329 |
| Financial services | 20,159 | 29,558 | 7,369 | 18,456 |
| Gold and silver | 14,313 | 34,077 | 8,583 | 13,063 |
| Industrial products | 19,601 | 39,757 | 20,267 | 37,562 |
| Management companies | 12,059 | 39,051 | 16,492 | 33,283 |
| Merchandising | 16,263 | 39,250 | 15,575 | 36,356 |
| Metals and minerals | 25,401 | 44,213 | 24,222 | 35,512 |
| Oil and gas | 35,203 | 58,515 | 29,886 | 34,831 |
| Paper and forest products | 10,064 | 37,028 | 10,064 | 21,850 |
| Pipelines | 12,416 | 19,550 | 10,200 | 13,283 |
| Transportation | 2,584 | 11,957 | 3,036 | 6,116 |
| Utilities | 15,084 | 27,154 | 15,168 | 24,818 |
| Preferred shares: | | | | |
| Merchandising | 2,124 | 4,331 | 2,124 | 4,463 |
| Financial services | 5,157 | 5,187 | — | — |
| | 223,407 | 469,353 | 193,441 | 348,834 |
| Convertible bonds | — | — | 15,034 | 16,973 |
| Short-term money market securities (b): | | | | |
| Treasury bills: | | | | |
| Government of Canada | 9,345 | 9,345 | 8,797 | 8,797 |
| | <u>\$232,752</u> | <u>\$478,698</u> | <u>\$217,272</u> | <u>\$374,604</u> |

(a) The industrial classifications are those used by the Toronto Stock Exchange.

(b) The market value of short-term money market securities is estimated to approximate cost.

ALBERTA HERITAGE SAVINGS TRUST FUND
CAPITAL PROJECTS DIVISION INVESTMENTS - ASSETS
MARCH 31, 1987

| Department/Project | 1987 | 1986 |
|----------------------------------|------------------------|------------------|
| | (thousands of dollars) | |
| Economic Development and Trade | | |
| Venture Capital Financing - | | |
| Vencap Equities Alberta Ltd. (a) | <u>\$199,997</u> | <u>\$199,998</u> |

(a) The outstanding balance of the loan to Vencap Equities Alberta Ltd. (Vencap) is repayable in instalments of \$1,000 in each of the years 1987 to 2002, inclusive, in instalments of \$15,000,000 in each of the years 2003 to 2012, inclusive, and a final instalment of \$49,981,000 in 2013. In the current year interest on the participating debenture securing the loan amounts to 50% (1986 - 50%) of the defined net income of Vencap. This percentage reduces as the loan is repaid and convertible debentures amounting to \$40,000,000, maturing July 2, 1998, and guaranteed by the Province, are converted or redeemed. For 20 years following full repayment of the loan, the Fund will receive 10% of the defined net income of Vencap.

As further consideration for the loan the Province has been granted an option to purchase up to 4,000,000 special shares at \$1 each, exclusive to the Province, convertible into common shares of Vencap. The purchase option expires on the later of the repayment of the loan and the redemption or conversion of the convertible debentures, on which later date the 20% voting rights attaching to each and all of the special shares cease.

ALBERTA HERITAGE SAVINGS TRUST FUND
CAPITAL PROJECTS DIVISION INVESTMENTS - DEEMED ASSETS
MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|------------------------|--------------------|
| | (thousands of dollars) | |
| <u>Department/Project</u> | | |
| Advanced Education | | |
| Alberta Heritage Scholarship Fund | \$ 100,000 | \$ 100,000 |
| Library Development | 9,000 | 9,000 |
| Agriculture | | |
| Farming For The Future | 39,149 | 34,438 |
| Food Processing Development Centre | 9,013 | 8,165 |
| Irrigation Rehabilitation and Expansion | 212,121 | 182,214 |
| Community and Occupational Health | | |
| Occupational Health and Safety Research and Education | 5,338 | 3,924 |
| Economic Development and Trade | | |
| Rail Hopper Cars | 53,779 | 53,779 |
| Education | | |
| Alberta Heritage Learning Resources | 9,222 | 9,222 |
| Energy | | |
| Alberta Oil Sands Technology and Research Authority | 382,849 | 351,449 |
| Environment | | |
| Irrigation Headworks and Main | | |
| Irrigation Systems Improvement | 315,255 | 255,351 |
| Land Reclamation | 29,133 | 26,298 |
| Lesser Slave Lake Outlet | 2,889 | 2,889 |
| Paddle River Basin Development | 41,781 | 41,312 |
| Forestry, Lands and Wildlife | | |
| Alberta Reforestation Nursery | 14,739 | 14,739 |
| Grazing Reserves Development | 35,924 | 31,515 |
| Maintaining Our Forests | 24,960 | 24,236 |
| Hospitals and Medical Care | | |
| Alberta Children's Provincial General Hospital | 40,477 | 40,477 |
| Applied Cancer Research | 34,050 | 29,244 |
| Applied Heart Disease Research | 29,341 | 29,341 |
| Tom Baker Cancer Centre and | | |
| Special Services Facility | 93,204 | 93,204 |
| Walter C. Mackenzie Health Sciences Centre | 388,010 | 355,998 |
| Alberta Heritage Foundation for Medical Research | | |
| Endowment Fund | 300,000 | 300,000 |
| Public Works, Supply and Services | | |
| Capital City Recreation Park | 42,310 | 42,243 |
| Fish Creek Provincial Park (Land) | 28,237 | 28,161 |
| Recreation and Parks | | |
| Fish Creek Provincial Park (Development) | 16,859 | 16,859 |
| Kananaskis Country Recreation Development | 221,238 | 211,792 |
| Municipal Recreation/Tourism Areas | 3,475 | — |
| Urban Parks | 86,650 | 82,408 |
| Technology, Research and Telecommunications | | |
| Electronics Test Centre | 6,175 | 5,610 |
| Microchip Design and Fabrication Facilities | 7,750 | 2,254 |
| Transportation and Utilities | | |
| Airport Terminal Buildings | 16,359 | 16,359 |
| Universal Rural Private Telephone Line Service | 30,000 | — |
| | <u>\$2,629,287</u> | <u>\$2,402,481</u> |

ALBERTA HERITAGE SCHOLARSHIP FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Income and Retained Earnings
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Investments

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Alberta Heritage Scholarship Fund as at March 31, 1987 and the statements of income and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
August 20, 1987

C.A.
Auditor General

ALBERTA HERITAGE SCHOLARSHIP FUND
BALANCE SHEET
MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash (Note 3) | \$ 8,210,695 | \$ 6,503,662 |
| Accrued interest and accounts receivable | 3,407,086 | 3,226,624 |
| Investments, Schedule 1 | 137,279,269 | 129,306,710 |
| | <u>\$148,897,050</u> | <u>\$139,036,996</u> |
| LIABILITIES, ENDOWMENT AND RETAINED EARNINGS | | |
| Liabilities: | | |
| Accounts payable | \$ 132,355 | \$ 2,378 |
| Endowment (Note 5) | 100,000,000 | 100,000,000 |
| Retained earnings (Note 5) | 48,764,695 | 39,034,618 |
| | <u>\$148,897,050</u> | <u>\$139,036,996</u> |

The accompanying notes are part
of these financial statements.

ALBERTA HERITAGE SCHOLARSHIP FUND
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|---------------------|---------------------|
| Income: | | |
| Investment income | \$16,535,237 | \$16,010,740 |
| Net gain on disposals of investments | 1,991,472 | 544,434 |
| Amortization of deferred realized gains and losses on investments | 284,017 | 272,930 |
| Write-down of investments and provision for decline in market value | (46,235) | (173,486) |
| Net income (Note 4) | 18,764,491 | 16,654,618 |
| Alberta Heritage Scholarships | 9,034,414 | 8,392,487 |
| Net increase in retained earnings | 9,730,077 | 8,262,131 |
| Retained earnings at beginning of year | 39,034,618 | 30,772,487 |
| Retained earnings at end of year | <u>\$48,764,695</u> | <u>\$39,034,618</u> |

ALBERTA HERITAGE SCHOLARSHIP FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|---|---------------------|---------------------|
| Operating transactions: | | |
| Net income | \$18,764,491 | \$16,654,618 |
| Non-cash items: | | |
| Amortization of discount/premium on investments, net | (4,203,284) | (3,507,301) |
| Net gain on disposals of investments | (1,991,472) | (544,434) |
| Amortization of deferred realized gains and losses on investments | (284,017) | (272,930) |
| Write-down of investments and provision for decline in market value | 46,235 | 173,486 |
| Increase in receivables | (180,462) | (202,065) |
| Increase (decrease) in payables | 129,977 | (14,743) |
| Cash provided by operating transactions | <u>12,281,468</u> | <u>12,286,631</u> |
| Investing transactions: | | |
| Proceeds from disposals, repayments and redemptions of investments | 33,223,029 | 28,869,707 |
| Investments | (35,009,421) | (37,084,299) |
| Deferred realized gains and losses on investments | <u>246,371</u> | <u>152,262</u> |
| Cash applied to investing transactions | <u>(1,540,021)</u> | <u>(8,062,330)</u> |
| Alberta Heritage Scholarships | <u>(9,034,414)</u> | <u>(8,392,487)</u> |
| Increase (decrease) in cash | 1,707,033 | (4,168,186) |
| Cash at beginning of year | <u>6,503,662</u> | <u>10,671,848</u> |
| Cash at end of year | <u>\$ 8,210,695</u> | <u>\$ 6,503,662</u> |

ALBERTA HERITAGE SCHOLARSHIP FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Heritage Scholarship Fund operates under the authority of the Alberta Heritage Scholarship Act, Chapter A-27.1, Statutes of Alberta 1981.

Note 2 Significant Accounting Policies and Reporting Practices

(i) These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:

(a) Bonds, bond coupons and residuals, mid-term money market securities and mortgages are carried at cost adjusted for deferred unamortized realized gains and losses.

Realized gains and losses on disposals of these investments are considered to be an adjustment of future portfolio yield and are deferred and amortized on a straight line basis over the lesser of the remaining term to maturity of the investment disposed of or ten years.

(ii) Other significant accounting policies are as follows:

(a) Common and preferred shares, warrants, pooled equity trust units and short-term money market securities are carried at cost.

Realized gains and losses on disposals of these investments are included in the determination of net income.

- (b) Investments in real estate are carried at the lower of cost and appraised value. (See Schedule 1 Note (c)).

Rental income less expenses is included in the determination of investment income of the Fund as participating interest received or accrued on the debentures. (See Schedule 1 Note (c)).

Realized gains and losses on disposals of these investments are included in the determination of net income.

- (c) The cost of investments includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investments.

The cost of investments disposed of is determined on the average cost basis.

- (d) Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

- (e) Each asset, liability, revenue or expense arising from a foreign currency transaction is translated into Canadian dollars by the use of an average exchange rate in effect at the transaction date.

At the balance sheet date, cash, accrued interest and accounts receivable, short-term money market securities and accounts payable denominated in foreign currency are translated at the rate of exchange in effect at that date.

Gains and losses arising from the translation of foreign currencies are included in the determination of net income except that unrealized exchange gains or losses relating to hedged monetary assets are deferred. Amounts deferred are included in accounts payable.

Note 3 Cash

| | 1987 | 1986 |
|----------------------------------|--------------------|--------------------|
| Deposit in the Consolidated Cash | | |
| Investment Trust Fund | \$6,855,645 | \$5,134,766 |
| U.S. dollar bank accounts | <u>1,355,050</u> | <u>1,368,896</u> |
| | <u>\$8,210,695</u> | <u>\$6,503,662</u> |

Note 4 Segmented Information

Segmented information on net income is as follows:

| | 1987 | 1986 |
|--|---------------------|---------------------|
| Cash | \$ 522,317 | \$ 1,089,978 |
| Bonds | 9,341,991 | 7,458,448 |
| Bond coupons and residuals | 4,400,340 | 4,312,388 |
| Money market securities | 1,048,519 | 1,736,959 |
| Mortgages | 825,359 | 1,038,369 |
| Common and preferred shares, warrants and pooled equity trust units | 2,515,626 | 1,118,311 |
| Real estate | <u>110,339</u> | <u>(99,835)</u> |
| | <u>\$18,764,491</u> | <u>\$16,654,618</u> |

Note 5 Endowment

The endowment was received from the Alberta Heritage Savings Trust Fund on June 18, 1981. The Alberta Heritage Scholarship Act provides that money required by the Students Finance Board for providing scholarships shall be paid from the Fund, but no money shall be paid out of the Fund if the payment would result in the value of the assets of the Fund, at cost, being less than the endowment received by the Fund.

Note 6 Approval of Financial Statements

These financial statements were approved by management.

ALBERTA HERITAGE SCHOLARSHIP FUND
INVESTMENTS
MARCH 31, 1987

| | 1987 | | | 1986 | |
|--|---------------|----------------------|----------------------|----------------------|----------------------|
| | Par Value | Book Value | Market Value | Book Value | Market Value |
| Bonds: | | | | | |
| Government of Canada, direct and guaranteed | \$ 58,775,000 | \$ 60,748,146 | \$ 71,071,193 | \$ 55,837,159 | \$ 65,277,879 |
| Provincial: | | | | | |
| Alberta, guaranteed | 2,000,000 | 2,027,636 | 2,116,275 | 1,259,999 | 1,277,908 |
| Other, direct and guaranteed | 2,225,000 | 2,214,110 | 2,289,113 | 1,498,168 | 1,539,947 |
| Municipal | 460,000 | 459,941 | 470,712 | 459,701 | 496,579 |
| Corporate | 6,504,876 | 6,653,217 | 7,297,305 | 5,402,389 | 6,052,265 |
| Corporate, convertible | 783,000 | 823,775 | 834,260 | 1,221,382 | 1,290,500 |
| Mid-term money market securities: | | | | | |
| Promissory notes | 1,975,000 | 1,973,986 | 2,146,430 | 3,863,770 | 4,129,042 |
| Certificates of deposit | — | — | — | 1,016,912 | 1,023,360 |
| Mortgages | 6,247,041 | 6,349,604 | 8,048,629 | 5,559,556 | 6,968,595 |
| Bond coupons and residuals: | | | | | |
| Government of Canada, direct | | 34,828,646 | 36,159,724 | 32,193,762 | 33,640,999 |
| Deferred unamortized realized gains and losses | | (1,072,578) | — | (1,110,224) | — |
| | | <u>115,006,483</u> | <u>130,433,641</u> | <u>107,202,574</u> | <u>121,697,074</u> |
| Short-term money market securities (a): | | | | | |
| Treasury bills: | | | | | |
| Government of Canada | | 977,038 | 977,038 | 4,041,451 | 4,041,451 |
| Government of the United States of America | | — | — | 1,534,383 | 1,534,383 |
| Promissory notes | | 241,433 | 241,433 | 1,437,171 | 1,437,171 |
| Bankers' acceptance | | — | — | 241,359 | 241,359 |
| Common and preferred shares, warrants and pooled equity trust units: | | | | | |
| Quoted securities | | 16,920,162 | 26,708,458 | 12,441,620 | 20,237,398 |
| Unquoted securities (b) | | 2,616,958 | 2,575,865 | 944,784 | 936,747 |
| Real estate - cost | | | | | |
| \$1,659,137 (1986 - | | | | | |
| \$1,636,854) (c) | | 1,517,195 | 1,517,195 | 1,463,368 | 1,463,368 |
| | | <u>\$137,279,269</u> | <u>\$162,453,630</u> | <u>\$129,306,710</u> | <u>\$151,588,951</u> |

- (a) The market value of short-term money market securities is estimated to approximate cost.
- (b) The market value of unquoted common and preferred shares and warrants is estimated by management appraisal.
- (c) Real estate is held through an intermediate company which has issued participating debentures secured by a charge on the real estate. The rental income less expenses is distributed to the Fund as participating interest on the debentures.
- The market value of real estate is estimated by independent appraisal.

ALBERTA PROVINCIAL CORPORATION LOAN FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Income and Expense
Notes to the Financial Statements
Schedule of Loans to Provincial Corporations
Schedule of Short-Term Debt

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Alberta Provincial Corporation Loan Fund as at March 31, 1987 and the statement of income and expense for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
May 28, 1987

ALBERTA PROVINCIAL CORPORATION LOAN FUND
BALANCE SHEET
MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|----------------------|---------------------|
| ASSETS | | |
| Accrued interest receivable | \$ — | \$ 191,965 |
| Loans to Provincial corporations, Schedule 1 | 118,650,903 | 36,700,000 |
| | <u>\$118,650,903</u> | <u>\$36,891,965</u> |
| LIABILITIES | | |
| Accrued interest payable | \$ — | \$ 191,965 |
| Short-term debt, Schedule 2 | 118,650,903 | 36,700,000 |
| | <u>\$118,650,903</u> | <u>\$36,891,965</u> |

The accompanying notes are part
of these financial statements.

ALBERTA PROVINCIAL CORPORATION LOAN FUND
STATEMENT OF INCOME AND EXPENSE
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|--------------------|---------------------|
| Income on loans to Provincial corporations | \$4,637,266 | \$32,264,021 |
| Discount and interest expense on short-term debt | <u>\$4,637,266</u> | <u>\$32,264,021</u> |

ALBERTA PROVINCIAL CORPORATION LOAN FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Provincial Corporation Loan Fund operates under the authority of the Financial Administration Act, Chapter F-9, Revised Statutes of Alberta 1980, as amended. Money borrowed by the Province pursuant to section 61(1)(a) of the Act is deposited in the Fund and loaned to Provincial corporations pursuant to section 62.1(2) of the Act.

Note 2 Significant Accounting Policies and Reporting Practices

Loans and Debt

Money borrowed by the Province and deposited in the Fund is loaned to Provincial corporations on equivalent terms and therefore income on loans to Provincial corporations and discount and interest expense on short-term debt have been accrued on a matching basis.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Expenses

Costs, including debt issue expenses, incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 4 Approval of Financial Statements

These financial statements were approved by management.

Schedule 1

ALBERTA PROVINCIAL CORPORATION LOAN FUND
LOANS TO PROVINCIAL CORPORATIONS
MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|----------------------|---------------------|
| Alberta Government Telephones Commission | \$109,634,805 | \$ — |
| Alberta Mortgage and Housing Corporation | 4,985,675 | 36,700,000 |
| Alberta Opportunity Company | 4,030,423 | — |
| | <u>\$118,650,903</u> | <u>\$36,700,000</u> |

Schedule 2

ALBERTA PROVINCIAL CORPORATION LOAN FUND
SHORT-TERM DEBT
MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|----------------------|---------------------|
| Short-term promissory notes at face amount | \$119,100,000 | \$35,000,000 |
| Less: Unamortized discount | 449,097 | — |
| | <u>118,650,903</u> | <u>35,000,000</u> |
| Short-term bank loan | — | 1,700,000 |
| | <u>\$118,650,903</u> | <u>\$36,700,000</u> |

FARM CREDIT STABILITY FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Unmatured Debt

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Farm Credit Stability Fund as at March 31, 1987 and the statements of revenue and expenditure and changes in financial position for the nine months then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles.



C.A.
Auditor General

Edmonton, Alberta
July 31, 1987

FARM CREDIT STABILITY FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| ASSETS | |
|-----------------------------------|------------------------|
| Cash | \$ 843,148 |
| Accrued interest receivable | 20,665,910 |
| Due from the General Revenue Fund | 14,019,581 |
| Deposits in lending institutions | <u>1,122,372,612</u> |
| | <u>\$1,157,901,251</u> |

| LIABILITIES | |
|---------------------------------------|------------------------|
| Accrued interest and accounts payable | \$ 16,042,585 |
| Unmatured debt, Schedule 1 | <u>1,141,858,666</u> |
| | <u>\$1,157,901,251</u> |

The accompanying notes are part
of these financial statements.

FARM CREDIT STABILITY FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE NINE MONTHS ENDED MARCH 31, 1987

| | |
|---|-------------------|
| Revenue: | |
| Interest on deposits in lending institutions | \$31,386,378 |
| Other | <u>2,965,501</u> |
| | <u>34,351,879</u> |
| Expenditure: | |
| Discount and interest expense on debt | 32,231,980 |
| Administrative fees and other costs paid to lending institutions | <u>16,139,480</u> |
| | <u>48,371,460</u> |
| Excess of expenditure over revenue | 14,019,581 |
| Contribution by the General Revenue Fund | <u>14,019,581</u> |
| | <u>\$ —</u> |

FARM CREDIT STABILITY FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE NINE MONTHS ENDED MARCH 31, 1987

| | |
|--|------------------------|
| Operating transactions: | |
| Non-cash items: | |
| Amortization of discount on debt | \$ 23,207,127 |
| Amortization of deferred unrealized exchange gains and losses on debt | (1,370,526) |
| Increase in receivables | (34,685,491) |
| Increase in payables | <u>16,042,585</u> |
| Cash provided by operating transactions | <u>3,193,695</u> |
| Investing transactions: | |
| Repayment of deposits by lending institutions | 1,704,042 |
| Deposits in lending institutions | <u>(1,124,076,654)</u> |
| Cash applied to investing transactions | <u>(1,122,372,612)</u> |
| Financing transactions: | |
| Debt issues, net | <u>1,120,022,065</u> |
| Cash provided by financing transactions | <u>1,120,022,065</u> |
| Increase in cash and cash at end of the period | <u>\$ 843,148</u> |

FARM CREDIT STABILITY FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Farm Credit Stability Fund operates under the authority of the Farm Credit Stability Fund Act, Chapter F-2.5, Statutes of Alberta 1986. Section 3(1) of the Act which authorizes the establishment of the Fund is deemed to have come into force on July 1, 1986. The Fund commenced activities on August 1, 1986.

Note 2 Significant Accounting Policies and Reporting Practices

- (a) Money borrowed by the Province and deposited in the Fund is reported as debt of the Fund. Discount on debt, which includes issue expenses, is deferred and amortized over the term of the debt.
- (b) Each asset, liability, revenue or expenditure arising from a foreign currency transaction is translated into Canadian dollars by the use of an average exchange rate in effect at the transaction date.

Unmatured debt, cash, accrued interest receivable, accrued interest and accounts payable denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Revenue and expenditure items are translated at historical exchange rates.

Gains and losses arising from the translation of foreign currency denominated monetary items are included in the determination of other revenue, except unrealized gains or losses relating to unmatured debt which are deferred and amortized over the term of the debt. Amounts deferred are included in unmatured debt.

Note 3 Financial Structure

The Fund finances farm loans by maintaining deposits in lending institutions equalling the amount of loans outstanding. Deposits in lending institutions yield a fixed effective rate of 9% per annum. The deposits are financed from money borrowed by the Province and deposited in the Fund. Qualifying farmers throughout the Province may obtain loans of up to \$200,000 per farm family and \$600,000 per farm business from participating lending institutions.

Farm loans bear interest at a fixed effective rate of 9% per annum and have terms of between 10 to 20 years.

Administrative fees and other costs with respect to the loans are paid to lending institutions from the Fund. Any payments to lending institutions resulting from loan guarantees by the Provincial Treasurer will be made from the General Revenue Fund.

Section 7 of the Act provides that if the Fund has insufficient money to make payments in connection with borrowings, deposits in and other payments to lending institutions, the amount of the insufficiency will be paid from the General Revenue Fund into the Fund.

The excess of expenditure over revenue of the Fund is met by a contribution from the General Revenue Fund.

Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 4 Commitments

At March 31, 1987, the Province was committed to make from the Fund further deposits of \$360 million in lending institutions to match loans to be made to an amount of \$1,484 million approved by the Province.

Note 5 Approval of Financial Statements

These financial statements were approved by management.

FARM CREDIT STABILITY FUND
UNMATURED DEBT
MARCH 31, 1987

| | <u>Par Value</u> | <u>Book Value</u> |
|--|----------------------|------------------------|
| Short-term promissory notes (a) | \$739,000,000 | \$ 733,948,660 |
| Euro U.S. dollar notes | | |
| 7.375% due December 9, 1991 | (b) | 386,936,062 |
| Deferred unrealized exchange gains and losses on debt | | 20,973,944 |
| | | <u>\$1,141,858,666</u> |

(a) held by the Alberta Heritage Savings Trust Fund.

(b) United States \$300,000,000.

PENSION FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Income and Fund Equity
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Investments

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Pension Fund as at March 31, 1987 and the statements of income and fund equity and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Pension Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
September 30, 1987

C.A.
Auditor General

PENSION FUND
BALANCE SHEET
MARCH 31, 1987
(thousands of dollars)

| | 1987 | 1986 |
|--|--------------------|--------------------|
| ASSETS | | |
| Cash (Note 4) | \$ 25,907 | \$ 20,893 |
| Accrued interest and accounts receivable | 75,742 | 60,232 |
| Due from the General Revenue Fund | 11,190 | 8,817 |
| Investments, Schedule 1 | 3,389,459 | 2,933,337 |
| | <u>\$3,502,298</u> | <u>\$3,023,279</u> |
| LIABILITIES AND FUND EQUITY | | |
| Liabilities: | | |
| Accounts payable | \$ 4,170 | \$ 12,578 |
| Fund equity | 3,498,128 | 3,010,701 |
| | <u>\$3,502,298</u> | <u>\$3,023,279</u> |

The accompanying notes are part of these financial statements.

PENSION FUND
STATEMENT OF INCOME AND FUND EQUITY
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | 1987 | 1986 |
|--|--------------------|--------------------|
| Income: | | |
| Investment income | \$ 298,988 | \$ 272,104 |
| Net gain on disposals of investments | 42,631 | 40,226 |
| Amortization of deferred realized gains and losses on investments | 11,200 | 5,364 |
| Amortization of deferred exchange gains and losses on forward exchange contracts | 75 | (1,110) |
| Write-down of investments and provision for decline in market value | (3,656) | (3,387) |
| Net income (Note 5) | 349,238 | 313,197 |
| Net transfer from the General Revenue Fund (Note 6) | 138,189 | 134,069 |
| Net increase in fund equity | 487,427 | 447,266 |
| Fund equity at beginning of year | 3,010,701 | 2,563,435 |
| Fund equity at end of year | <u>\$3,498,128</u> | <u>\$3,010,701</u> |

PENSION FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|---|------------------|------------------|
| Operating transactions: | | |
| Net income | \$ 349,238 | \$ 313,197 |
| Non-cash items: | | |
| Amortization of discount/premium on investments, net | (29,838) | (52,766) |
| Amortization of deferred realized gains and losses on investments | (11,200) | (5,364) |
| Net gain on disposals of investments | (42,631) | (40,226) |
| Write-down of investments and provision for decline in market value | 3,656 | 3,387 |
| Increase in receivables | (17,883) | (5,423) |
| Increase (decrease) in payables | (8,408) | 7,088 |
| Cash provided by operating transactions | <u>242,934</u> | <u>219,893</u> |
| Investing transactions: | | |
| Proceeds from disposals, repayments and redemptions of investments | 2,019,700 | 2,186,369 |
| Investments | (2,437,101) | (2,643,174) |
| Deferred realized gains and losses on investments | <u>41,292</u> | <u>14,514</u> |
| Cash applied to investing transactions | <u>(376,109)</u> | <u>(442,291)</u> |
| Net transfer from the General Revenue Fund | <u>138,189</u> | <u>134,069</u> |
| Increase (decrease) in cash | 5,014 | (88,329) |
| Cash at beginning of year | <u>20,893</u> | <u>109,222</u> |
| Cash at end of year | <u>\$ 25,907</u> | <u>\$ 20,893</u> |

PENSION FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Pension Fund operates under the authority of the Pension Fund Act, Chapter P-3.1, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

- (i) These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:
 - (a) Bonds, bond coupons and residuals, mid-term money market securities and mortgages are carried at cost adjusted for deferred unamortized realized gains and losses.
Realized gains and losses on disposals of these investments are considered to be an adjustment of future portfolio yield and are deferred and amortized on a straight line basis over the lesser of the remaining term to maturity of the investment disposed of or ten years.
- (ii) Other significant accounting policies are as follows:
 - (a) Short-term money market securities, common and preferred shares, warrants, pooled equity trust units and energy fund units are carried at cost.
Realized gains and losses on disposals of these investments are included in the determination of net income.
 - (b) Investments in real estate are carried at the lower of cost and appraised value (see Schedule 1 Note (d)).
Rental income less expenses and other adjustments is included in the determination of investment income as participating interest received or accrued on the debentures (see Schedule 1 Note (d)).
Realized gains and losses on disposals of these investments are included in the determination of net income.
 - (c) The cost of investments includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investments.
The cost of investments disposed of is determined on the average cost basis.
 - (d) Investment income is recorded on the accrual basis where there is reasonable assurance as to its measurement and collectability.
 - (e) Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.
 - (f) Each asset, liability, revenue or expense arising from a foreign currency transaction is translated into Canadian dollars by the use of an average exchange rate in effect at the transaction date.
At the balance sheet date, cash, accrued interest and accounts receivable, short-term money market securities and accounts payable denominated in foreign currency are translated at the rate of exchange in effect at that date.
Gains and losses arising from the translation of foreign currencies are included in the determination of net income except that unrealized exchange gains or losses relating to hedged monetary assets are deferred. Amounts deferred are included in accounts payable.
 - (g) The liability of the Pension Fund in respect of accrued pension obligations is not included in the determination of fund equity.

Note 3 Accrued Pension Obligations

At March 31, 1987, the total estimated liability for accrued pension obligations exceeded the recorded net assets of the Pension Fund. On the exhaustion of Pension Fund assets, pension payments are to be charged to the General Revenue Fund.

Note 4 Cash

| | <u>1987</u> | <u>1986</u> |
|----------------------------------|----------------------|----------------------|
| Deposit in the Consolidated Cash | | |
| Investment Trust Fund | \$ 14,551,000 | \$ 17,616,000 |
| U.S. dollar bank accounts | 11,356,000 | 3,277,000 |
| | <u>\$ 25,907,000</u> | <u>\$ 20,893,000</u> |

Note 5 Segmented Information

Segmented information on net income is as follows:

| | <u>1987</u> | <u>1986</u> |
|--|----------------------|----------------------|
| Cash | \$ 3,656,000 | \$ 8,839,000 |
| Bonds | 210,365,000 | 160,461,000 |
| Money market securities | 29,950,000 | 52,690,000 |
| Bond coupons and residuals | 22,833,000 | 19,198,000 |
| Mortgages | 8,993,000 | 7,027,000 |
| Quoted common and preferred shares, warrants and pooled equity trust units | 67,140,000 | 59,678,000 |
| Real estate | 6,219,000 | 3,175,000 |
| Energy fund units and real estate fund units | 53,000 | 1,523,000 |
| Unquoted common and preferred shares and warrants | 29,000 | 606,000 |
| | <u>\$349,238,000</u> | <u>\$313,197,000</u> |

Note 6 Net Transfer from the General Revenue Fund

In accordance with section 5 of the Pension Fund Act monies received and paid by the Provincial Treasurer pursuant to the following Pension Plan Acts are deposited in and paid from the General Revenue Fund:

Local Authorities Pension Plan Act
Members of the Legislative Assembly Pension Plan Act
Public Service Management Pension Plan Act
Public Service Pension Plan Act
Special Forces Pension Plan Act
Universities Academic Pension Plan Act

The difference between the receipts and payments is subsequently transferred to or from the Pension Fund. The net transfer from the General Revenue Fund represents the excess of pension receipts over pension payments for the year.

Note 7 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to the 1987 presentation.

Note 8 Approval of Financial Statements

These financial statements were approved by management.

PENSION FUND
INVESTMENTS
MARCH 31, 1987
(thousands of dollars)

| | 1987 | | | 1986 | |
|---|--------------|---------------------|---------------------|---------------------|---------------------|
| | Par Value | Book Value | Market Value | Book Value | Market Value |
| Bonds: | | | | | |
| Government of Canada, direct and guaranteed | \$ 1,323,728 | \$ 1,375,778 | \$ 1,518,041 | \$ 1,256,500 | \$ 1,411,736 |
| Provincial: | | | | | |
| Alberta, guaranteed | 224,500 | 234,511 | 239,013 | 30,277 | 30,992 |
| Other, direct and guaranteed | 295,043 | 296,209 | 306,008 | 109,109 | 112,462 |
| Corporate | (a) | 184,276 | 191,759 | 102,756 | 113,372 |
| Corporate, convertible | 15,776 | 16,455 | 17,254 | 12,146 | 9,784 |
| Municipal | 2,450 | 2,922 | 3,077 | — | — |
| Mid-term money market securities: | | | | | |
| Promissory notes: | | | | | |
| Province of Alberta, direct | — | — | — | 40,000 | 40,044 |
| Government of the United States of America, direct | (b) | 16,406 | 17,370 | 36,752 | 43,139 |
| Other | 37,800 | 37,802 | 38,684 | 21,075 | 21,391 |
| Guaranteed investment certificates | 15,000 | 15,000 | 16,582 | — | — |
| Mortgages | 94,589 | 94,261 | 107,983 | 54,564 | 64,300 |
| Bond coupons and residuals: | | | | | |
| Government of Canada, direct | | 126,080 | 131,509 | 161,377 | 169,138 |
| Deferred unamortized realized gains and losses | | (60,728) | — | (30,636) | — |
| | | <u>2,338,972</u> | <u>2,587,280</u> | <u>1,793,920</u> | <u>2,016,358</u> |
| Short-term money market securities (c): | | | | | |
| Promissory notes | | — | — | 9,342 | 9,342 |
| Treasury bills: | | | | | |
| Government of Canada | | 123,937 | 123,937 | 409,033 | 409,033 |
| Government of the United States of America | | — | — | 11,856 | 11,856 |
| Certificate of deposit | | 5,221 | 5,221 | — | — |
| Quoted common and preferred shares, warrants and pooled equity trust units | | 775,691 | 1,193,923 | 611,154 | 884,620 |
| Energy fund units | | <u>1,471</u> | <u>1,253</u> | <u>1,418</u> | <u>1,413</u> |
| | | <u>3,245,292</u> | <u>\$ 3,911,614</u> | <u>2,836,723</u> | <u>\$ 3,332,622</u> |
| Unquoted common and preferred shares and warrants | | 35,250 | | 19,631 | |
| Real estate - cost | | | | | |
| \$112,694 (1986 - \$79,415) (d) | | 108,917 | | 76,983 | |
| | | <u>\$ 3,389,459</u> | | <u>\$ 2,933,337</u> | |

(a) Comprises Canadian \$171,920,000 and United States \$9,000,000.

(b) United States \$13,000,000.

(c) The market value of short-term money market securities is estimated to approximate cost.

(d) Real estate is held through intermediate companies which have issued participating debentures secured by a charge on the real estate. The rental income less expenses and other adjustments is distributed to the Fund as participating interest on the debentures.

SMALL BUSINESS TERM ASSISTANCE FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Unmatured Debt

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Small Business Term Assistance Fund as at March 31, 1987 and the statements of revenue and expenditure and changes in financial position for the nine months then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles.



C.A.
Auditor General

Edmonton, Alberta
July 24, 1987

SMALL BUSINESS TERM ASSISTANCE FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | | |
|---------------------------------------|-------------|----------------------|
| | ASSETS | |
| Cash | | \$ 790,101 |
| Accrued interest receivable | | 8,359,410 |
| Due from the General Revenue Fund | | 4,735,285 |
| Deposits in lending institutions | | <u>500,792,551</u> |
| | | <u>\$514,677,347</u> |
| | LIABILITIES | |
| Accrued interest and accounts payable | | \$ 9,968,950 |
| Unmatured debt, Schedule 1 | | <u>504,708,397</u> |
| | | <u>\$514,677,347</u> |

The accompanying notes are part
of these financial statements.

SMALL BUSINESS TERM ASSISTANCE FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE NINE MONTHS ENDED MARCH 31, 1987

| | |
|--|-------------------|
| Revenue: | |
| Interest on deposits in lending institutions | \$10,591,825 |
| Other | <u>2,100,037</u> |
| | <u>12,691,862</u> |
| Expenditure: | |
| Discount and interest expense on debt | 11,871,910 |
| Administration fees and other costs paid to lending institutions | <u>5,555,237</u> |
| | <u>17,427,147</u> |
| Excess of expenditure over revenue | 4,735,285 |
| Contribution by the General Revenue Fund | <u>4,735,285</u> |
| | <u>\$ —</u> |

SMALL BUSINESS TERM ASSISTANCE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE NINE MONTHS ENDED MARCH 31, 1987

Operating transactions:

Non-cash items:

Amortization of discount on debt

\$ 5,855,341

Amortization of deferred unrealized exchange
gains and losses on debt

(913,684)

Increase in receivables

(13,094,695)

Increase in payables

9,968,950

Cash provided by operating transactions

1,815,912

Investing transactions:

Repayment of deposits by lending institutions

4,773,643

Deposits in lending institutions

(505,566,194)

Cash applied to investing transactions

(500,792,551)

Financing transactions:

Debt issues, net

499,766,740

Cash provided by financing transactions

499,766,740

Increase in cash and cash at end of the period

\$ 790,101

SMALL BUSINESS TERM ASSISTANCE FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Small Business Term Assistance Fund operates under the authority of the Small Business Term Assistance Fund Act, Chapter S-13.7, Statutes of Alberta 1986. Section 3(1) of the Act which authorizes the establishment of the Fund is deemed to have come into force on July 1, 1986. The Fund commenced activities on October 1, 1986.

Note 2 Significant Accounting Policies and Reporting Practices

- (a) Money borrowed by the Province and deposited in the Fund is reported as debt of the Fund. Discount on debt, which includes issue expenses, is deferred and amortized over the term of the debt.
- (b) Each asset, liability, revenue or expenditure arising from a foreign currency transaction is translated into Canadian dollars by the use of an average exchange rate in effect at the transaction date.

Unmatured debt, cash, accrued interest receivable, accrued interest and accounts payable, denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Revenue and expenditure items are translated at historical exchange rates.

Gains and losses arising from the translation of foreign currency denominated monetary items are included in the determination of other revenue, except unrealized exchange gains or losses relating to unmaturred debt which are deferred and amortized over the term of the debt. Amounts deferred are included in unmaturred debt.

Note 3 Financial Structure

The Fund finances small business loans by maintaining deposits in lending institutions equalling the amount of loans outstanding. Deposits in lending institutions yield a fixed effective rate of 9% per annum. The deposits are financed from money borrowed by the Province and deposited in the Fund.

Qualifying small businesses throughout the Province may obtain loans of up to \$150,000 per small business from participating lending institutions. Small business loans bear interest at a fixed effective rate of 9% per annum and have terms of between 3 to 10 years.

Administrative fees and other costs with respect to the loans are paid to lending institutions from the Fund. Any payments to lending institutions resulting from loan guarantees by the Provincial Treasurer will be made from the General Revenue Fund.

Section 7 of the Act provides that if the Fund has insufficient money to make payments in connection with borrowings, deposits in and other payments to lending institutions, the amount of the insufficiency will be paid from the General Revenue Fund into the Fund.

The excess of expenditure over revenue of the Fund is met by a contribution from the General Revenue Fund.

Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 4 Commitments

At March 31, 1987, the Province was committed to make from the Fund further deposits of \$360 million in lending institutions to match loans to be made to an amount of \$866 million approved by the Province.

Note 5 Approval of Financial Statements

These financial statements were approved by management.

SMALL BUSINESS TERM ASSISTANCE FUND
UNMATURED DEBT
MARCH 31, 1987

| | <u>Par Value</u> | <u>Book Value</u> |
|--|----------------------|-----------------------|
| Short-term promissory notes (a) | \$235,000,000 | \$232,768,393 |
| Euro U.S. dollar notes | | |
| 7.375% due December 9, 1991 | (b) | 257,957,375 |
| Deferred unrealized exchange gains and losses on debt | | <u>13,982,629</u> |
| | | <u>\$504,708,397</u> |

(a) held by the Alberta Heritage Savings Trust Fund.

(b) United States \$200,000,000.

OTHER REGULATED FUNDS
SUMMARY FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Summary Statement of Assets, Liabilities and Fund Equities
Summary Statement of Revenue, Expenditure and Fund Equities
Notes to the Summary Financial Statements

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the summary statement of assets, liabilities and fund equities of the Other Regulated Funds as at March 31, 1987 and the summary statement of revenue, expenditure and fund equities for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these summary financial statements present fairly the financial position of the Other Regulated Funds as at March 31, 1987 and the results of their operations and the changes in their financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
October 2, 1987

C.A.
Auditor General

OTHER REGULATED FUNDS
SUMMARY STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITIES
MARCH 31, 1987

| | Assets | | | | | Total Assets |
|--|---------------|---|--|------------------|----------------------|---------------|
| | Cash | Due from Province of Alberta Funds and Agencies | Accounts Receivable and Accrued Interest | Loans Receivable | Investments (Note 3) | |
| Advanced Education: | | | | | | |
| Students Loan Fund | \$ 18,058 | \$ — | \$ 123,807 | \$ 257,124 | \$ — | \$ 398,989 |
| Agriculture: | | | | | | |
| Crop Reinsurance Fund of Alberta | — | — | — | — | — | — |
| Livestock Patrons' Assurance Fund | 413,474 | — | 6,914 | — | 43,953 | 464,341 |
| Stray Animals Act Fund | 31,292 | — | — | — | — | 31,292 |
| Attorney General: | | | | | | |
| Chattel Security Registries Assurance Fund | 274,108 | — | 13,457 | — | — | 287,565 |
| Registrar's Assurance Fund | 1,081,782 | — | 87,069 | — | — | 1,168,851 |
| Economic Development and Trade: | | | | | | |
| Motion Picture Development Fund | 1,934,637 | 1,053,706 | — | — | — | 2,988,343 |
| Forestry, Lands and Wildlife: | | | | | | |
| Fish and Wildlife Trust Fund | 4,965,805 | — | 304,037 | — | — | 5,269,842 |
| Homestead Lease Loan Fund | 3,303 | — | 3,333 | 4,687 | — | 11,323 |
| Treasury: | | | | | | |
| Alberta Risk Management Fund | 332,483 | 1,959,356 | 264,309 | — | — | 2,556,148 |
| Utility Companies Income Tax Rebates Fund | 232,682,110 | 21,630,841 | 16,884 | — | — | 254,329,835 |
| Transportation and Utilities: | | | | | | |
| Natural Gas Rebates Fund | 1,132,426 | — | 75,184 | — | — | 1,207,610 |
| Total 1987 | \$242,869,478 | \$ 24,643,903 | \$ 894,994 | \$ 261,811 | \$ 43,953 | \$268,714,139 |
| Total 1986 | \$259,112,621 | \$ 19,345,940 | \$ 2,013,584 | \$ 277,308 | \$ 43,944 | \$280,793,497 |

The accompanying notes are part of these financial statements

OTHER REGULATED FUNDS
SUMMARY STATEMENT OF REVENUE, EXPENDITURE AND FUND EQUITIES
FOR THE YEAR ENDED MARCH 31, 1987

| | Revenue | | | | Total |
|--|-------------------|------------------------------------|---|------------|---------------|
| | Interest (Note 4) | Fees Assessments and Contributions | Transfers from Province of Alberta Funds and Agencies | Other | |
| Advanced Education: | | | | | |
| Students Loan Fund | \$ — | \$ — | \$ — | \$ — | \$ — |
| Agriculture: | | | | | |
| Crop Reinsurance Fund of Alberta | — | — | 21,689,597 | — | 21,689,597 |
| Livestock Patrons' Assurance Fund | 29,660 | 70,690 | — | 186,650 | 286,999 |
| Stray Animals Act Fund | — | — | — | 24,275 | 24,275 |
| Attorney General: | | | | | |
| Chattel Security Registries Assurance Fund | 27,643 | 159,922 | — | — | 187,565 |
| Registrar's Assurance Fund | 881 | 986,266 | — | 113,179 | 1,100,326 |
| Economic Development and Trade: | | | | | |
| Motion Picture Development Fund | 427,470 | — | — | — | 427,470 |
| Forestry, Lands and Wildlife: | | | | | |
| Fish and Wildlife Trust Fund | 513,926 | 3,277,119 | 3,850,000 | — | 7,641,045 |
| Homestead Lease Loan Fund | — | — | — | — | — |
| Treasury: | | | | | |
| Alberta Risk Management Fund | 4,440 | 1,252,232 | 4,453,869 | 174,980 | 5,885,521 |
| Utility Companies Income Tax Rebates Fund | 10,031,724 | 220,007,737 | 75,119,122 | — | 305,158,583 |
| Transportation and Utilities: | | | | | |
| Natural Gas Rebates Fund | 565,773 | — | 56,808,162 | — | 57,373,935 |
| Total 1987 | \$ 11,601,517 | \$225,753,966 | \$161,920,750 | \$ 499,084 | \$399,775,317 |
| Total 1986 | \$ 11,715,754 | \$220,228,171 | \$219,672,856 | \$ 22,691 | \$451,639,472 |

GULATED FUNDS

| Liabilities | | Fund Equities | |
|------------------|---|-----------------|-----------------|
| accounts Payable | Payable to Province of Alberta Funds and Agencies | 1987 | 1986 |
| — | \$ 398,989 | \$ — | \$ — |
| — | 18,285,729 | (18,285,729) | (19,617,191) |
| 139,638 | — | 324,703 | 337,806 |
| 12,059 | — | 19,233 | 35,113 |
| — | — | 287,565 | 283,412 |
| — | — | 1,168,851 | 1,210,889 |
| — | 3,000,000 | (11,657) | 243,191 |
| 699,907 | — | 4,569,935 | 4,848,110 |
| — | 11,323 | — | — |
| 2,389,303 | — | 166,845 | — |
| 4,329,835 | — | — | — |
| 334,423 | 873,187 | — | — |
| 7,905,165 | \$ 22,569,228 | \$ (11,760,254) | |
| 8,056,234 | \$ 45,395,833 | | \$ (12,658,670) |

| Expenditure | | | | | | | Excess (Deficiency) of Revenue over Expenditure | Fund Equities at beginning of year | Fund Equities at end of year |
|-------------|--|-----------------------------|--------------|----------------|-----------------|-----------------|---|---|---------------------------------------|
| Grants | Transfers to Province of Alberta Funds and Agencies | Supplies and Services | Other | Total | | | | | |
| — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | |
| — | 20,358,135 | — | — | 20,358,135 | 1,331,462 | (19,617,191) | (18,285,729) | | |
| — | — | — | 300,103 | 300,103 | (13,103) | 337,806 | 324,703 | | |
| — | — | — | 40,155 | 40,155 | (15,880) | 35,113 | 19,233 | | |
| — | 183,412 | — | — | 183,412 | 4,153 | 283,412 | 287,565 | | |
| — | 1,135,889 | — | 6,475 | 1,142,364 | (42,038) | 1,210,889 | 1,168,851 | | |
| — | — | — | 682,318 | 682,318 | (254,848) | 243,191 | (11,657) | | |
| 4,452,942 | — | 2,934,310 | 531,968 | 7,919,220 | (278,175) | 4,848,110 | 4,569,935 | | |
| — | — | — | — | — | — | — | — | | |
| — | — | 5,718,676 | — | 5,718,676 | 166,845 | — | 166,845 | | |
| 5,158,583 | — | — | — | 305,158,583 | — | — | — | | |
| 4,368,901 | 3,005,034 | — | — | 57,373,935 | — | — | — | | |
| 3,980,426 | \$ 24,682,470 | \$ 8,652,986 | \$ 1,561,019 | \$ 398,876,901 | \$ 898,416 | \$ (12,658,670) | \$ (11,760,254) | | |
| 4,851,536 | \$ 68,921,371 | \$ 2,033,520 | \$ 1,412,429 | \$ 497,218,856 | \$ (45,579,384) | \$ 32,920,714 | \$ (12,658,670) | | |

OTHER REGULATED FUNDS
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authorities

The authority for operating each of the Other Regulated Funds is as follows:

- (a) Students Loan Fund - Students Finance Act, Chapter S-24, Revised Statutes of Alberta 1980, as amended.
- (b) Crop Reinsurance Fund of Alberta - Crop Insurance Agreement authorized under Order in Council 264/76 pursuant to section 43 of the Hail and Crop Insurance Act, Chapter H-1, Revised Statutes of Alberta 1980, as amended.
- (c) Livestock Patrons' Assurance Fund - Livestock and Livestock Products Act, Chapter L-24, Revised Statutes of Alberta 1980.
- (d) Stray Animals Act Fund - Stray Animals Act, Chapter S-23, Revised Statutes of Alberta 1980, as amended.
- (e) Chattel Security Registries Assurance Fund - Chattel Security Registries Act, Chapter C-7.1, Statutes of Alberta 1983.
- (f) Registrar's Assurance Fund - Land Titles Act, Chapter L-5, Revised Statutes of Alberta 1980, as amended.
- (g) Motion Picture Development Fund - Motion Picture Development Act, Chapter M-19.1, Statutes of Alberta 1981, which expires on March 31, 1989.
- (h) Fish and Wildlife Trust Fund - Wildlife Act, Chapter W-9.1, Statutes of Alberta 1984.
- (i) Homestead Lease Loan Fund - Homestead Lease Loan Act, Chapter H-9, Revised Statutes of Alberta 1980, as amended.
- (j) Alberta Risk Management Fund - Financial Administration Act, Chapter F-9, Revised Statutes of Alberta 1980, as amended.
- (k) Utility Companies Income Tax Rebates Fund - Utility Companies Income Tax Rebates Act, Chapter U-10, Revised Statutes of Alberta 1980.
- (l) Natural Gas Rebates Fund - Natural Gas Rebates Act, Chapter N-5, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

- (a) Investments are valued by each Fund at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investments.
- (b) All interest earned on the deposits of and on the loans made by the Students Loan Fund and the Homestead Lease Loan Fund is transferred to the General Revenue Fund.
The cost of bad debts relating to loans and interest receivable of these Funds is borne by the General Revenue Fund. Bad debt write-offs are reflected in the summary statement of assets, liabilities and fund equities by reducing the amount payable to the General Revenue Fund.
- (c) A summary statement of changes in financial position is not provided as disclosure in these summary financial statements is considered to be adequate.

Note 3 Investments

Investments held by the Funds are as follows:

| | 1987 | | | 1986 | |
|--|-----------|----------|--------------|----------|--------------|
| | Par Value | Cost | Market Value | Cost | Market Value |
| Debentures guaranteed by the Province of Alberta and held by: Livestock Patrons' Assurance Fund | \$44,000 | \$43,953 | \$41,677 | \$43,944 | \$38,640 |

Note 4 Interest

Interest earned on deposits of the Crop Reinsurance Fund of Alberta, the Homestead Lease Loan Fund, the Registrar's Assurance Fund, the Stray Animals Act Fund and the Students Loan Fund is credited directly to the General Revenue Fund and is not reflected in these summary financial statements.

Note 5 Administration Costs

The Funds are not charged with all the administration expenses incurred in their operation as these expenses are reflected in the program costs of the Departments or Provincial Corporations that administer the Funds.

Note 6 Comparative Figures

The Students Loan Fund and the Homestead Lease Loan Fund which were reported in the summary financial statements of Loan Funds in 1986 are now reported in the summary financial statements of Other Regulated Funds. The 1986 figures have been restated where necessary to conform to the 1987 presentation.

Note 7 Approval of Summary Financial Statements

These summary financial statements were approved by management.

SECTION 5

1986-87 PUBLIC ACCOUNTS

PROVINCIAL CORPORATIONS - FINANCIAL STATEMENTS

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PROVINCIAL CORPORATIONS - FINANCIAL STATEMENTS

Introduction:

Section 1(1)(n) of the Financial Administration Act defines a Provincial corporation as

- “(i) a corporation that is incorporated by or under an Act of the Legislature, other than a local or private Act, all or a majority of whose members or directors are appointed or designated, either by their personal names or by their names of office, by an Act of the Legislature or regulations under an Act of the Legislature, by an order of the Lieutenant Governor in Council or of a Minister of the Crown or by any combination thereof, or
- (ii) a corporation all of whose issued voting shares of every class are owned by the Crown or held in trust for the Crown or are partly owned by the Crown and partly held in trust for the Crown, but does not include a new town or a housing authority incorporated under section 42 of the Alberta Mortgage and Housing Corporation Act, the Credit Union Stabilization Corporation established under section 90 of the Credit Union Act or a board of a hospital district appointed by an order made under section 8 of the Hospitals Act.”

The Provincial corporations included in this section are subsidized in some manner by the General Revenue Fund and are considered to complement a Government program. They are included in the consolidated financial statements after adjusting the accounts to conform with the basis of accounting used for the General Revenue Fund.

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations and Deficit
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Operating Expenses
Schedule of Farm Loan Incentives

AUDITOR'S REPORT

To the Board of Directors of the
Alberta Agricultural Development Corporation

I have examined the balance sheet of the Alberta Agricultural Development Corporation as at March 31, 1987 and the statements of operations and deficit, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
June 24, 1987

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION
BALANCE SHEET
AS AT MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|--|-------------------|--------------------|
| ASSETS | | |
| Cash | \$ 13,505 | \$ 42,109 |
| Accounts receivable | 69 | 112 |
| Guarantee implementations receivable (Note 4) | 1,459 | 1,774 |
| Loans and accrued interest receivable (Note 5) | 937,126 | 950,256 |
| Property held for sale (Note 6) | 21,234 | 15,640 |
| Other (Note 7) | 245 | 721 |
| Fixed assets (Note 8) | 1,859 | 1,205 |
| Trust (Note 9) | — | 15 |
| | <u>\$ 975,497</u> | <u>\$1,011,832</u> |
| LIABILITIES AND DEFICIT | | |
| Liabilities: | | |
| Accounts payable, Province of Alberta | \$ 21,044 | \$ 24,840 |
| Accounts payable, other | 1,003 | 653 |
| Guarantees payable | 1,004 | 405 |
| Allowance for losses on loan guarantees (Note 10) | 7,674 | 2,700 |
| Accrued incentives payable | 7,921 | 20,169 |
| Debentures payable (Note 12) | <u>1,003,760</u> | <u>1,041,240</u> |
| | 1,042,406 | 1,090,007 |
| Deficit | (66,909) | (78,190) |
| Trust (Note 9) | — | 15 |
| | <u>\$ 975,497</u> | <u>\$1,011,832</u> |

The accompanying notes are part
of these financial statements.

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|--|------------------|------------------|
| <u>Interest Assistance:</u> | | |
| Interest expense on debentures | \$128,366 | \$132,056 |
| Farm loan incentives (Schedule 2) | <u>16,991</u> | <u>40,494</u> |
| | 145,357 | 172,550 |
| Interest revenue | <u>95,977</u> | <u>113,395</u> |
| Net interest assistance | 49,380 | 59,155 |
| <u>Expenses:</u> | | |
| Operating (Schedule 1) | 9,920 | 8,663 |
| Provision for doubtful accounts and for losses on realization of assets (Note 10) | <u>43,643</u> | <u>85,642</u> |
| Operating loss | 102,943 | 153,460 |
| Contribution by the Province of Alberta (Note 3) | <u>114,224</u> | <u>101,683</u> |
| Net income (loss) for the year | 11,281 | (51,777) |
| Deficit at beginning of year | <u>78,190</u> | <u>26,413</u> |
| Deficit at end of year | <u>\$ 66,909</u> | <u>\$ 78,190</u> |

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|--|-------------------|------------------|
| <u>Funds were provided from:</u> | | |
| Net income (loss) for the year | \$ 11,281 | \$(51,777) |
| Provision for doubtful accounts and for losses on realization of assets | 43,643 | 85,642 |
| Depreciation | <u>276</u> | <u>105</u> |
| Funds from operations | 55,200 | 33,970 |
| Proceeds from sale of property | 6,805 | 4,610 |
| Proceeds on disposition of fixed assets | — | 19 |
| Proceeds from issue of debentures | — | 109,000 |
| Repayments of loans receivable | 20,496 | 26,618 |
| Increase in accounts payable, other | 350 | — |
| Increase in accrued incentives payable | — | 464 |
| Recoveries of guarantee implementations receivable | 368 | 1,986 |
| Decrease in accounts receivable | 47 | — |
| Decrease in other assets | 472 | — |
| Increase in guarantees payable | <u>599</u> | <u>—</u> |
| | 84,337 | 176,667 |
| <u>Funds were applied to:</u> | | |
| Disbursements of loans | 68,139 | 114,677 |
| Repayments of debentures | 37,480 | 22,280 |
| Decrease in guarantees payable | — | 372 |
| Implementation of guarantees | 2,439 | 4,490 |
| Decrease in accounts payable, other | — | 64 |
| Fixed asset purchases | 1,075 | 719 |
| Decrease in accounts payable, Province of Alberta | 3,796 | 13,231 |
| Increase in other assets | — | 205 |
| Increase in accounts receivable | — | 35 |
| Decrease in accrued incentives payable | <u>12</u> | <u>—</u> |
| | 112,941 | 156,073 |
| Increase (decrease) in cash | <u>\$(28,604)</u> | <u>\$ 20,594</u> |

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Agricultural Development Corporation operates under the authority of the Agricultural Development Act, Chapter A-7, Revised Statutes of Alberta 1980.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

Fixed assets having a cost in excess of \$500 are capitalized and shown in the balance sheet. Depreciation is recorded on a straight-line basis over the following estimated useful lives of the assets:

| | |
|------------------------------------|----------|
| Electronic data processing systems | 5 years |
| Office equipment | 10 years |

Depreciation is not recorded for electronic data processing systems under development.

Note 3 Financial Structure

The Corporation's operations are funded through the sale of debentures to the Alberta Heritage Savings Trust Fund and a contribution from the General Revenue Fund of the Province of Alberta.

Office accommodation and field support staff are provided at no charge by the Province and accordingly are not reflected in these financial statements.

Note 4 Guarantee Implementations Receivable

Loan guarantee payments made to financial institutions for uncollectable loans made by them under the Corporation's guarantee are generally of a demand nature.

| | 1987 | 1986 |
|--|------------------------|-----------------|
| | (thousands of dollars) | |
| Guarantee implementations receivable | \$ 8,394 | \$ 8,689 |
| Plus: Accrued interest | 1,334 | 1,907 |
| | 9,728 | 10,596 |
| Less: Allowance for doubtful accounts (Note 10) | 8,269 | 8,822 |
| | <u>\$ 1,459</u> | <u>\$ 1,774</u> |

Note 5 Loans and Accrued Interest Receivable

Loans are secured by agreements for sale and mortgages and are repayable in instalments due as follows, assuming that options to renew will be exercised when applicable:

| | 1987 | 1986 |
|--|------------------------|-------------------|
| | (thousands of dollars) | |
| Arrears of principal and interest | \$ 80,522 | \$ 68,157 |
| Prepaid | (5,678) | (5,587) |
| <u>Principal due in</u> | | |
| 1 year | 31,720 | 27,753 |
| 2 years | 24,223 | 20,506 |
| 3 years | 26,693 | 22,088 |
| 4 years | 29,094 | 24,019 |
| 5 years | 30,388 | 26,155 |
| 6 - 10 years | 176,559 | 161,447 |
| Over 10 years | 624,793 | 667,450 |
| | 1,018,314 | 1,011,988 |
| Plus: Accrued interest | 43,271 | 53,807 |
| | 1,061,585 | 1,065,795 |
| Less: Allowance for doubtful accounts (Note 10) | 124,459 | 115,539 |
| | <u>\$ 937,126</u> | <u>\$ 950,256</u> |

PROVINCIAL CORPORATIONS

Note 6 Property Held For Sale

Properties have been acquired as a result of foreclosures, quit claims and other actions and consist mainly of land.

| | 1987 | 1986 |
|---|------------------------|-----------------|
| | (thousands of dollars) | |
| Cost of properties | \$60,109 | \$36,089 |
| Allowance for losses on realization (Note 10) | 38,875 | 20,449 |
| Estimated net realizable value | <u>\$21,234</u> | <u>\$15,640</u> |

Note 7 Other Assets

| | 1987 | 1986 |
|---|------------------------|--------------|
| | (thousands of dollars) | |
| Unlisted preferred shares acquired as a result of security action | \$500 | \$500 |
| Less: Allowance for losses on realization (Note 10) | <u>500</u> | <u>250</u> |
| | — | 250 |
| Investment in Lambco (Note 11) | <u>245</u> | <u>471</u> |
| | <u>\$245</u> | <u>\$721</u> |

Note 8 Fixed Assets

Fixed assets are comprised of the following:

| | Cost | Accumulated Depreciation | Net Book Value | |
|--|------------------------|--------------------------|----------------|----------------|
| | | | 1987 | 1986 |
| | (thousands of dollars) | | | |
| Office equipment | \$ 255 | \$110 | \$ 145 | \$ 114 |
| Electronic data processing systems | 760 | 447 | 313 | 357 |
| Electronic data processing systems under development | <u>1,401</u> | — | <u>1,401</u> | <u>734</u> |
| | <u>\$2,416</u> | <u>\$557</u> | <u>\$1,859</u> | <u>\$1,205</u> |

Note 9 Trust Assets and Liabilities

The March 31, 1986 balances reflect outstanding loans less an estimated uncollectable amount of \$86,000. The Corporation has been taking collection action on these loans on behalf of the Province of Alberta.

Note 10 Allowance for Doubtful Accounts and for Losses on Realization of Assets

| | Loans | Guarantee Implementations | Property for Sale | Other Assets | Loan Guarantees | Total |
|--------------------------------|------------------------|---------------------------|-------------------|--------------|-----------------|------------------|
| | (thousands of dollars) | | | | | |
| Allowance at beginning of year | \$115,539 | \$8,822 | \$20,449 | \$250 | \$2,700 | \$147,760 |
| Less: Amounts written off | <u>1,968</u> | <u>3,366</u> | <u>6,292</u> | — | — | <u>11,626</u> |
| | <u>113,571</u> | <u>5,456</u> | <u>14,157</u> | <u>250</u> | <u>2,700</u> | <u>136,134</u> |
| Increase in allowance | <u>10,888</u> | <u>2,813</u> | <u>24,718</u> | <u>250</u> | <u>4,974</u> | <u>43,643</u> |
| Allowance at end of year | <u>\$124,459</u> | <u>\$8,269</u> | <u>\$38,875</u> | <u>\$500</u> | <u>\$7,674</u> | <u>\$179,777</u> |

Note 11 Investment in Lambco

Pursuant to an agreement between Lamb Processors Co-op Ltd., the Province of Alberta and the Corporation, the Corporation acquired the net assets and business of the Co-op. The Corporation has since provided operating advances to Lambco in accordance with the agreement. The agreement provides that the Province reimburse the Corporation for Lambco operating losses before depreciation expense. In addition, the Department of Agriculture has agreed to reimburse the Corporation for capital expenditures of Lambco to the extent that capital expenditures exceed any operating profit before depreciation expense for the year. The agreement further provides that the Province will indemnify the Corporation for any losses which might be incurred on disposal of Lambco. Any disposal proceeds in excess of the Corporation's operating advances to Lambco will be payable to the Province, and therefore the financial statements of Lambco are not consolidated in the financial statements of the Corporation.

As at March 31, 1987 the Corporation had operating advances receivable from Lambco of \$245,316 (1986 - \$470,583).

Summary financial information for Lambco is:

| | 1987 | 1986 |
|-------------------------|--------------------|--------------------|
| Assets | <u>\$3,006,695</u> | <u>\$2,990,539</u> |
| Liabilities | <u>\$2,004,788</u> | <u>\$2,289,156</u> |
| Equity | | |
| Beginning of year | \$ 701,383 | \$ 549,104 |
| Net income for the year | 300,524 | 152,279 |
| End of year | <u>\$1,001,907</u> | <u>\$ 701,383</u> |

The above liabilities include the operating advances payable to the Corporation.

Note 12 Debentures Payable

Debentures payable to the Province of Alberta are as follows:

| Series | Year of Maturity | Weighted Average Interest Rate | March 31 Principal Outstanding | |
|--------|------------------|--------------------------------|-----------------------------------|--------------------|
| | | | 1987 | 1986 |
| | | | (thousands of dollars) | |
| A | 2004 | 9.94% | \$ 130,260 | \$ 135,060 |
| B | 2004 - 2005 | 13.01 | 33,600 | 34,800 |
| C | 2005 | 11.22 | 69,600 | 72,000 |
| D | 2006 | 14.42 | 132,900 | 136,600 |
| E | 2006 - 2007 | 16.96 | 181,360 | 185,360 |
| F | 2007 - 2009 | 13.02 | 256,100 | 261,600 |
| G | 2009 - 2010 | 13.46 | 93,120 | 106,820 |
| H | 2010 - 2011 | 10.52 | 106,820 | 109,000 |
| | | | <u>\$1,003,760</u> | <u>\$1,041,240</u> |

The interest rates on debentures are fixed for five year periods and repayments are by annual instalments of the principal sum over the life of the debentures.

Principal repayments due in each of the next five years are as follows:

| | |
|---------------------------|--------------|
| Year ended March 31, 1988 | \$27,840,000 |
| 1989 | 29,720,000 |
| 1990 | 32,650,000 |
| 1991 | 34,240,000 |
| 1992 | 36,250,000 |

Note 13 Contingent Liabilities and Commitments

The Corporation has the following contingent liabilities and commitments at March 31:

| | 1987 | 1986 |
|---|------------------------|-----------------|
| | (thousands of dollars) | |
| Loan guarantees | \$63,803 | \$72,202 |
| Letter of credit | 6,381 | 5,924 |
| Total contingent liabilities | <u>\$70,184</u> | <u>\$78,126</u> |
| Estimated farm loan incentives over the next five years | \$31,915 | \$34,524 |
| Approved, undisbursed loans | 12,496 | 20,262 |
| Total commitments | <u>\$44,411</u> | <u>\$54,786</u> |

The Province indemnifies the Corporation for any losses which might be incurred on loan guarantees.

Note 14 Role and Mandate Review

During the year, the Associate Minister of Agriculture appointed a committee to review the role and mandate of the Corporation. The work of the committee started in the fall of 1986 and is scheduled to be completed in the year ended March 31, 1988. The expenses of the committee to March 31, 1987 are included in these financial statements.

Note 15 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 16 Approval of Financial Statements

These financial statements, which have been prepared by the Corporation, have been reviewed by both the management of the Corporation and the Finance, Budget and Audit Committee of the Board and their acceptance by the Board of Directors is recommended.

Schedule 1

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|-----------------------------------|----------------|----------------|
| Salaries and wages | \$6,130 | \$5,953 |
| Employee benefits | 791 | 747 |
| Role and mandate review (Note 14) | 653 | — |
| Travel | 569 | 496 |
| Data processing | 308 | 213 |
| Depreciation | 276 | 105 |
| Directors' fees | 237 | 206 |
| Equipment rental and repair | 182 | 173 |
| Telecommunications | 139 | 116 |
| Professional fees | 125 | 98 |
| Stationery and office supplies | 124 | 92 |
| Postage, freight and express | 97 | 44 |
| Counsellor fees | 67 | 189 |
| Printing and binding | 62 | 58 |
| Legal | 50 | 62 |
| Equipment purchases | 45 | 45 |
| Meetings and conferences | 42 | 34 |
| Advertising | 23 | 22 |
| Microfilming | — | 10 |
| | <u>\$9,920</u> | <u>\$8,663</u> |

Schedule 2

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION
SCHEDULE OF FARM LOAN INCENTIVES
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|---|-----------------|-----------------|
| Beginning farmer program | \$16,094 | \$38,027 |
| Range and soil improvement program | 662 | 594 |
| Vegetable storage program | 147 | 191 |
| Sheep incentive program | 63 | 59 |
| Native range incentive program | 23 | 127 |
| Dairy development incentive program | 2 | 33 |
| Extended incentive program | — | 1,447 |
| Farm booster program | — | 11 |
| Grants to estates of deceased borrowers | — | 5 |
| | <u>\$16,991</u> | <u>\$40,494</u> |

ALBERTA AGRICULTURAL RESEARCH TRUST
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the Board of the
Alberta Agricultural Research Institute

I have examined the balance sheet of the Alberta Agricultural Research Trust as at March 31, 1987 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
September 12, 1987

ALBERTA AGRICULTURAL RESEARCH TRUST
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|----------------------------------|------------------|------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$217,897 | \$355,023 |
| Research grants recoverable | <u>—</u> | <u>5,000</u> |
| | <u>\$217,897</u> | <u>\$360,023</u> |
| LIABILITIES AND UNEXPENDED FUNDS | | |
| Current: | | |
| Research grants payable | \$193,830 | \$145,412 |
| Administration charges payable | 9,644 | 8,293 |
| Unexpended funds | <u>14,423</u> | <u>206,318</u> |
| | <u>\$217,897</u> | <u>\$360,023</u> |

The accompanying notes are part
of these financial statements.

ALBERTA AGRICULTURAL RESEARCH TRUST
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|------------------|------------------|
| REVENUE | | |
| Contributions from the Province of Alberta, | | |
| Department of Agriculture | \$250,000 | \$250,000 |
| Contributions from industry (Note 3) | 182,269 | 180,906 |
| Interest | <u>37,918</u> | <u>38,453</u> |
| | <u>470,187</u> | <u>469,359</u> |
| EXPENDITURE | | |
| Research grants | 630,834 | 447,192 |
| Administration charge | <u>31,248</u> | <u>38,022</u> |
| | <u>662,082</u> | <u>485,214</u> |
| Excess of expenditure over revenue | 191,895 | 15,855 |
| Unexpended funds at beginning of year | <u>206,318</u> | <u>222,173</u> |
| Unexpended funds at end of year | <u>\$ 14,423</u> | <u>\$206,318</u> |

ALBERTA AGRICULTURAL RESEARCH TRUST
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Agricultural Research Trust operated under the authority of the Alberta Agricultural Research Trust Act, Chapter A-14, Revised Statutes of Alberta 1980, as amended. The Alberta Agricultural Research Institute Act, which came into force on July 15, 1987, repealed the Alberta Agricultural Research Trust Act. Liabilities and property of the Trust existing at that date became liabilities and property of the Alberta Agricultural Research Institute.

Note 2 Significant Accounting Policies

Research Grants

Research grants are recorded in these financial statements when approved for payment to researchers accounts. Unexpended balances of grant funds held in researchers accounts are not reflected in these financial statements.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Contributions from Industry

Contributions from industry represent only cash donations to the Trust for specific research projects and have been paid out of the Trust as research grants expenditure of the year.

Note 4 Approval of Financial Statements

These financial statements were approved by management.

ALBERTA DAIRY CONTROL BOARD
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Retained Earnings
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the
Alberta Dairy Control Board

I have examined the balance sheet of the Alberta Dairy Control Board as at March 31, 1987 and the statement of revenue, expenditure and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
September 8, 1987

ALBERTA DAIRY CONTROL BOARD
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|--------------------|--------------------|
| ASSETS | | |
| Operating: | | |
| Current: | | |
| Cash | \$ 635,375 | \$ 598,172 |
| Term deposits | — | 37,943 |
| Due from processors and producers (Note 3) | <u>339,839</u> | <u>483,935</u> |
| | <u>975,214</u> | <u>1,120,050</u> |
| Trust: (Note 4) | | |
| Cash | 595,390 | 517,283 |
| Due from processors | <u>1,296,688</u> | <u>1,405,871</u> |
| | <u>1,892,078</u> | <u>1,923,154</u> |
| | <u>\$2,867,292</u> | <u>\$3,043,204</u> |
| LIABILITIES AND RETAINED EARNINGS | | |
| Operating: | | |
| Current: | | |
| Due to processors and producers (Note 5) | \$ 294,872 | \$ 544,894 |
| Due to Province of Alberta | <u>35,225</u> | <u>42,314</u> |
| | 330,097 | 587,208 |
| Retained earnings | <u>645,117</u> | <u>532,842</u> |
| | <u>975,214</u> | <u>1,120,050</u> |
| Trust liabilities (Note 4) | <u>1,892,078</u> | <u>1,923,154</u> |
| | <u>\$2,867,292</u> | <u>\$3,043,204</u> |

The accompanying notes are part
of these financial statements.

ALBERTA DAIRY CONTROL BOARD
STATEMENT OF REVENUE, EXPENDITURE AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|------------------|------------------|
| REVENUE | | |
| Levies | \$259,868 | \$259,100 |
| Management fees | 235,369 | 218,900 |
| Quota exchange and transfers | 5,664 | 10,030 |
| Interest on term deposits | 2,226 | 3,128 |
| | <u>503,127</u> | <u>491,158</u> |
| EXPENDITURE | | |
| Salaries and employee benefits | 301,134 | 338,667 |
| Travel | 34,585 | 46,960 |
| Grants and subsidies | 31,885 | 31,512 |
| General office administration | 16,764 | 20,514 |
| Board fees | 6,484 | 10,782 |
| | <u>390,852</u> | <u>448,435</u> |
| Excess of revenue over expenditure for the year | <u>112,275</u> | <u>42,723</u> |
| Retained earnings at beginning of year: | | |
| As previously reported | 509,899 | 470,304 |
| Prior period adjustment (Note 6) | 22,943 | 19,815 |
| As restated | <u>532,842</u> | <u>490,119</u> |
| Retained earnings at end of year | <u>\$645,117</u> | <u>\$532,842</u> |

ALBERTA DAIRY CONTROL BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Dairy Control Board operates under the authority of the Dairy Board Act, Chapter D-1, Revised Statutes of Alberta 1980, as amended.

Note 2 Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Due from Processors and Producers

Amounts due from processors and producers consist of the following:

| | 1987 | 1986 |
|------------------------------|------------------|------------------|
| Operating: | | |
| Price equalization | \$287,378 | \$426,262 |
| Levies | 29,846 | 25,514 |
| Management fees | 20,220 | 19,796 |
| Quota exchange and transfers | 2,395 | 12,363 |
| | <u>\$339,839</u> | <u>\$483,935</u> |

Note 4 Trust

Under the Comprehensive Milk Marketing Plan, the Board collects levies from processors on behalf of the producers and forwards the levies to the Canadian Dairy Commission. A portion of the levies collected can be refunded to producers under certain conditions. During the year, approximately \$22,041,700 (1986 \$22,371,500) of levies were collected under the above Plan.

Note 5 Due to Processors and Producers

Amounts due to processors and producers consist of the following:

| | 1987 | 1986 |
|--------------------|------------------|------------------|
| Operating: | | |
| Price equalization | \$294,872 | \$443,714 |
| Quota exchange | — | 101,180 |
| | <u>\$294,872</u> | <u>\$544,894</u> |

Note 6 Prior Period Adjustment

Interest earnings on term deposits over a number of years have been excluded from revenue and shown as due to the Province of Alberta on the balance sheet. It has now been determined that these interest earnings accrue to the Board. Accordingly, these financial statements have been retroactively adjusted by reducing amounts due to the Province and increasing retained earnings.

Note 7 Interest on Cash Deposits and Licence Fee Income

Interest from cash deposits in the Consolidated Cash Investment Trust Fund and licence fee income have been credited directly to the General Revenue Fund of the Province of Alberta.

Note 8 Administration Costs

Accommodation, office furniture, certain office equipment and certain administrative services are provided to the Alberta Dairy Control Board at no cost by the General Revenue Fund of the Province of Alberta. In addition, 25% of the costs of enforcement and administration are provided by the General Revenue Fund.

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 10 Approval of Financial Statements

These financial statements were approved by management.

ALBERTA HAIL AND CROP INSURANCE CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Reserve - Crop Insurance
Statement of Revenue, Expenditure and Reserve - Hail Insurance
Notes to the Financial Statements
Schedule of Administration Expenses - Crop Insurance
Schedule of Administration Expenses - Hail Insurance
Schedule of Trust Assets and Liabilities
Schedule of Trust Revenue, Expenditure and Unexpended Funds

AUDITOR'S REPORT

To the Board of Directors of the
Alberta Hail and Crop Insurance Corporation

I have examined the balance sheet of the Alberta Hail and Crop Insurance Corporation as at March 31, 1987 and the statements of revenue, expenditure and reserve - crop insurance and revenue, expenditure and reserve - hail insurance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
July 10, 1987

C.A.
Auditor General

ALBERTA HAIL AND CROP INSURANCE CORPORATION
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|---------------------|----------------------|
| ASSETS | | |
| General | | |
| Current: | | |
| Cash | \$ 1,664,960 | \$ 849,342 |
| Short-term investments (Note 4) | 20,161,054 | 28,866,060 |
| Accounts receivable | 3,429,087 | 1,658,217 |
| Accrued interest receivable | 651,886 | 723,632 |
| Due from Reinsurance Fund of Canada for Alberta | — | 117,488,801 |
| Due from Reinsurance Fund of Alberta | 18,285,729 | 37,417,191 |
| Due from trust funds | 1,357,724 | 181,002 |
| | <u>45,550,440</u> | <u>187,184,245</u> |
| Long-term investments (Note 4) | 6,315,283 | 6,517,123 |
| Fixed assets | 703,888 | 519,874 |
| | <u>52,569,611</u> | <u>194,221,242</u> |
| Trust, Schedule 3 | 11,797,184 | 10,450,412 |
| | <u>\$64,366,795</u> | <u>\$204,671,654</u> |
| LIABILITIES | | |
| General | | |
| Current: | | |
| Accounts payable | \$ 154,557 | \$ 144,882 |
| Salaries and commissions payable | 412,435 | 441,918 |
| Estimated indemnities payable | 4,885,000 | 9,834,200 |
| Premium refunds payable | 3,610,196 | 3,609,336 |
| Due to the Province of Alberta | 21,157,330 | 162,153,334 |
| | <u>30,219,518</u> | <u>176,183,670</u> |
| Capital surplus | 703,888 | 519,874 |
| Hail insurance reserve | 21,646,205 | 17,517,698 |
| | <u>52,569,611</u> | <u>194,221,242</u> |
| Trust, Schedule 3 | 11,797,184 | 10,450,412 |
| | <u>\$64,366,795</u> | <u>\$204,671,654</u> |

The accompanying notes are part
of these financial statements.

ALBERTA HAIL AND CROP INSURANCE CORPORATION
STATEMENT OF REVENUE, EXPENDITURE AND RESERVE - CROP INSURANCE
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|--------------------|--------------------|
| REVENUE | | |
| Premiums charged to insured persons | \$ 69,538,550 | \$ 56,441,190 |
| Province of Alberta premium contributions (Note 6) | <u>5,428,007</u> | <u>4,390,103</u> |
| | 74,966,557 | 60,831,293 |
| Government of Canada contributions (Note 3(i)) | <u>72,298,657</u> | <u>59,802,601</u> |
| | <u>147,265,214</u> | <u>120,633,894</u> |
| Less amounts ceded (Note 3(ii)): | | |
| Crop Reinsurance Fund of Canada for Alberta | 21,689,597 | 17,940,780 |
| Crop Reinsurance Fund of Alberta | <u>21,689,597</u> | <u>17,940,780</u> |
| | 43,379,194 | 35,881,560 |
| | <u>103,886,020</u> | <u>84,752,334</u> |
| Investment income | <u>2,587,039</u> | <u>3,112,952</u> |
| | <u>106,473,059</u> | <u>87,865,286</u> |
| EXPENDITURE | | |
| Indemnities | 126,831,194 | 266,764,778 |
| Administration expenses, Schedule 1 | <u>7,077,353</u> | <u>7,028,147</u> |
| | 133,908,547 | 273,792,925 |
| Deficit for the year before recoveries | <u>27,435,488</u> | <u>185,927,639</u> |
| Less amounts recovered: | | |
| Recoveries from reinsurance funds (Note 3(iii)) | 20,358,135 | 178,899,492 |
| Administration expenses recovered from the Province of Alberta (Note 7) | <u>7,077,353</u> | <u>7,028,147</u> |
| | <u>27,435,488</u> | <u>185,927,639</u> |
| Unrecovered deficit for the year | — | — |
| Reserve at beginning of year | — | — |
| Reserve at end of year | <u>\$ —</u> | <u>\$ —</u> |

ALBERTA HAIL AND CROP INSURANCE CORPORATION
STATEMENT OF REVENUE, EXPENDITURE AND RESERVE - HAIL INSURANCE
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|-------------------------------------|---------------------|---------------------|
| REVENUE | | |
| Premiums charged | \$17,196,196 | \$16,516,253 |
| Deduct: | | |
| Reinsurance costs | 401,517 | 385,392 |
| Cash discounts allowed | 380,328 | 357,999 |
| Premium refunds | <u>3,608,921</u> | <u>3,610,200</u> |
| | 4,390,766 | 4,353,591 |
| Premiums, net | 12,805,430 | 12,162,662 |
| Investment income | <u>2,032,897</u> | <u>1,887,268</u> |
| | <u>14,838,327</u> | <u>14,049,930</u> |
| EXPENDITURE | | |
| Indemnities | 8,606,569 | 7,355,696 |
| Administration expenses, Schedule 2 | <u>2,103,251</u> | <u>2,006,045</u> |
| | 10,709,820 | 9,361,741 |
| Surplus for the year | 4,128,507 | 4,688,189 |
| Reserve at beginning of year | <u>17,517,698</u> | <u>12,829,509</u> |
| Reserve at end of year | <u>\$21,646,205</u> | <u>\$17,517,698</u> |

ALBERTA HAIL AND CROP INSURANCE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Hail and Crop Insurance Corporation operates under the authority of the Hail and Crop Insurance Act, Chapter H-1, Revised Statutes of Alberta 1980, as amended.

Section 35(5) of the Act permits the Province of Alberta to make advances to the Corporation equal to an amount which will be paid by the Government of Canada to the Province in accordance with the crop insurance program agreement (see Note 3) and to a total amount not exceeding \$30,000,000.

During the prior year advances from the Province amounting to approximately \$117 million were made to the Corporation to finance the excess of crop indemnities over crop insurance reserves (see Note 3(iii)) pending reimbursement from the Reinsurance Fund of Canada for Alberta, which was made during the year ended March 31, 1987.

It would appear that the amount by which the advances referred to in the preceding paragraph caused the \$30,000,000 limit to be exceeded represents advances which may be in contravention of the legislative authority.

Also, during the prior year, advances from the Province amounting to approximately \$45 million were made to the Corporation to finance indemnities not recoverable from the Crop Reinsurance Fund of Canada for Alberta. These additional advances may have been made without legislative authority. The advances were partially repaid during the year ended March 31, 1987.

Note 2 Significant Accounting Policies and Reporting Practices

- (i) These financial statements have been prepared in accordance with generally accepted accounting principles except that no depreciation has been provided on fixed assets as purchases are charged to operations in the year of acquisition. Fixed assets are shown on the balance sheet at cost with a corresponding credit shown as capital surplus.

- (ii) Other significant accounting policies are as follows:

- (a) Crop Insurance Fund

Contributions by the Government of Canada matching crop insurance premiums collected are included as income of the year the premiums are received. Amounts ceded to or recovered from the Crop Reinsurance Fund of Canada for Alberta and the Crop Reinsurance Fund of Alberta are included as a deduction from revenue or expenditure of the year the requirement to cede or the entitlement to recover arose.

- (b) Trust Funds

The Corporation is responsible for the administration of various agriculture-related programs of the Province of Alberta or of the Province of Alberta and the Government of Canada in addition to the Hail Insurance program and the Crop Insurance program. These are regarded as incidental to the main business of the Corporation, are grouped under the heading 'Trust Funds', and are summarized on Schedules 3 and 4.

- (c) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Crop Insurance Program Agreement

An agreement between the Province of Alberta and the Government of Canada entered into pursuant to section 43 of the Hail and Crop Insurance Act provides:

- (i) for contributions to be made by the Government of Canada matching the crop insurance premiums collected from insured persons,
- (ii) that payments will be made to the Crop Reinsurance Fund of Alberta and the Crop Reinsurance Fund of Canada for Alberta based on crop insurance premiums collected plus the matching amount received or receivable from the Government of Canada,
- (iii) that crop indemnities in excess of crop insurance reserves will be drawn from the Crop Reinsurance Fund of Alberta and the Crop Reinsurance Fund of Canada for Alberta, in accordance with a formula set out in the agreement for dividing any such excess between the Province of Alberta and the Government of Canada.

Note 4 Investments

Investments are recorded at amortized cost and are summarized as follows:

| | 1987 | | 1986 | |
|--|---------------------|--------------------|---------------------|--------------------|
| | Short-term | Long-term | Short-term | Long-term |
| Bonds and debentures: | | | | |
| Government of Canada direct and guaranteed | \$ — | \$1,342,356 | \$ — | \$1,317,000 |
| Provincial direct and guaranteed | 173,889 | 3,446,347 | 209,980 | 3,638,589 |
| Corporate | — | 1,126,580 | — | 1,178,534 |
| Guaranteed investment certificates and term deposits | 19,987,165 | 400,000 | 28,656,080 | 383,000 |
| | <u>\$20,161,054</u> | <u>\$6,315,283</u> | <u>\$28,866,060</u> | <u>\$6,517,123</u> |
| Approximate market value at March 31 | <u>\$20,185,000</u> | <u>\$6,629,920</u> | <u>\$28,901,104</u> | <u>\$6,649,409</u> |

Note 5 Reinsurance Funds

The balances in these funds, as at March 31, are as follows:

| | Reinsurance Fund of Alberta | | Reinsurance Fund of Canada for Alberta | |
|-------------------------------|-----------------------------|-----------------------|--|-----------------------|
| | 1987 | 1986 | 1987 | 1986 |
| Opening surplus (deficit) | \$(19,617,191) | \$ 23,852,720 | \$(45,830,050) | \$ 53,717,971 |
| Current year contributions | 21,689,597 | 17,940,780 | 21,689,597 | 17,940,780 |
| | <u>2,072,406</u> | <u>41,793,500</u> | <u>(24,140,453)</u> | <u>71,658,751</u> |
| Recoveries by the Corporation | 20,358,135 | 61,410,691 | — | 117,488,801 |
| Closing surplus (deficit) | <u>\$(18,285,729)</u> | <u>\$(19,617,191)</u> | <u>\$(24,140,453)</u> | <u>\$(45,830,050)</u> |

Note 6 Province of Alberta Premium Contributions

In accordance with Crop Insurance Regulations proclaimed pursuant to the Hail and Crop Insurance Act, the Province of Alberta pays the insured person's portion of premium costs in excess of a stipulated percentage of the dollar coverage on grain and oilseed crops.

Note 7 Administration Expenses

Pursuant to section 35(3) of the Hail and Crop Insurance Act, all administration expenses relating to the crop insurance program have been paid by the Province of Alberta. Certain of these costs were common to the crop insurance and hail insurance programs and have been allocated to each on the basis of the number of insurance contracts processed in the year. Certain office accommodations have been provided by the Province of Alberta at no charge.

Note 8 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 9 Approval of Financial Statements

These financial statements have been approved by management.

ALBERTA HAIL AND CROP INSURANCE CORPORATION
SCHEDULE OF ADMINISTRATION EXPENSES - CROP INSURANCE
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|--|--------------------|--------------------|
| Salaries and employee benefits | \$2,549,761 | \$2,373,495 |
| Adjusters' wages and expenses | 2,328,909 | 3,016,228 |
| Crop insurance review | 437,722 | 17,500 |
| Fieldmen's wages and expenses | 267,825 | 275,855 |
| Data processing | 235,648 | 233,908 |
| Advertising | 206,615 | 182,105 |
| Collection commissions and expenses | 172,405 | 150,658 |
| Furniture and equipment | 150,218 | 49,076 |
| Printing, stationery and office supplies | 141,374 | 155,973 |
| Postage and freight | 130,008 | 107,814 |
| Directors' fees and expenses | 112,834 | 111,521 |
| Office rental costs | 90,474 | 93,570 |
| Telephone | 63,621 | 64,459 |
| Research | 57,649 | 71,121 |
| Travel and automobile expenses | 51,155 | 44,585 |
| Grain grading costs | 45,911 | 64,820 |
| Miscellaneous | 35,224 | 15,459 |
| | <u>\$7,077,353</u> | <u>\$7,028,147</u> |

ALBERTA HAIL AND CROP INSURANCE CORPORATION
SCHEDULE OF ADMINISTRATION EXPENSES - HAIL INSURANCE
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|--|--------------------|--------------------|
| Agents' commissions | \$1,334,888 | \$1,130,301 |
| Salaries and employee benefits | 328,442 | 347,061 |
| Adjusters' wages and expenses | 116,793 | 234,641 |
| Advertising | 80,258 | 68,999 |
| Data processing | 48,856 | 71,989 |
| Collection commissions and expenses | 44,590 | 39,517 |
| Printing, stationery and office supplies | 34,314 | 22,400 |
| Furniture and equipment | 33,796 | 10,849 |
| Directors' fees and expenses | 29,994 | 33,329 |
| Postage and freight | 29,707 | 27,602 |
| Travel and automobile expenses | 11,423 | 11,028 |
| Telephone | 3,801 | 3,080 |
| Miscellaneous | 6,389 | 5,249 |
| | <u>\$2,103,251</u> | <u>\$2,006,045</u> |

ALBERTA HAIL AND CROP INSURANCE CORPORATION
SCHEDULE OF TRUST ASSETS AND LIABILITIES
AS AT MARCH 31, 1987

| | Wildlife Damage Fund | Alberta Crop Insurance Coverage Restoration Program | Total | |
|--|-------------------------|---|---------------------|---------------------|
| | | | 1987 | 1986 |
| ASSETS | | | | |
| Cash | \$350,357 | \$11,135,580 | \$11,485,937 | \$ 5,933,541 |
| Claim overpayments recoverable | — | 62,130 | 62,130 | — |
| Accrued interest receivable | 3,528 | 29,928 | 33,456 | 16,091 |
| Due from Province of Alberta, net | 215,661 | — | 215,661 | 1,665,780 |
| Due from Low Appraisal Program | — | — | — | 2,835,000 |
| | <u>\$569,546</u> | <u>\$11,227,638</u> | <u>\$11,797,184</u> | <u>\$10,450,412</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 725 | \$ — | \$ 725 | \$ 550 |
| Estimated claims payable | 568,821 | 1,925,000 | 2,493,821 | 3,630,000 |
| Due to general | — | 1,357,724 | 1,357,724 | 181,002 |
| Unexpended funds | — | 7,944,914 | 7,944,914 | 3,803,860 |
| Due to Coverage Restoration Program | — | — | — | 2,835,000 |
| | <u>\$569,546</u> | <u>\$11,227,638</u> | <u>\$11,797,184</u> | <u>\$10,450,412</u> |

ALBERTA HAIL AND CROP INSURANCE CORPORATION
SCHEDULE OF TRUST REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
AS AT MARCH 31, 1987

| | Wildlife Damage Fund | Alberta Crop Insurance Coverage Restoration Program | Low Appraisal Program | Total | |
|---|-------------------------|---|-----------------------------|---------------------|---------------------|
| | | | | 1987 | 1986 |
| REVENUE | | | | | |
| Contributions from the Province of Alberta | \$3,918,208 | \$21,059,114 | \$ 3,505,110 | \$28,482,432 | \$46,300,042 |
| Interest income | 24,233 | 847,195 | 3,630 | 875,058 | 794,220 |
| Other | — | — | — | — | 910 |
| | <u>3,942,441</u> | <u>21,906,309</u> | <u>3,508,740</u> | <u>29,357,490</u> | <u>47,095,172</u> |
| EXPENDITURE | | | | | |
| Claims, net of recoveries | 3,588,619 | 21,232,693 | (34,148) | 24,787,164 | 43,055,243 |
| Administration expenses | 353,822 | 50,270 | 25,180 | 429,272 | 273,677 |
| | <u>3,942,441</u> | <u>21,282,963</u> | <u>(8,968)</u> | <u>25,216,436</u> | <u>43,328,920</u> |
| Excess of revenue over expenditure | — | 623,346 | 3,517,708 | 4,141,054 | 3,766,252 |
| Unexpended funds (deficiency) at beginning of year | — | 7,321,568 | (3,517,708) | 3,803,860 | 37,608 |
| Unexpended funds at end of year | <u>\$ —</u> | <u>\$ 7,944,914</u> | <u>\$ —</u> | <u>\$ 7,944,914</u> | <u>\$ 3,803,860</u> |

IRRIGATION LAND MANAGER
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Notes to the Financial Statements

AUDITOR'S REPORT

To the Irrigation Land Manager

I have examined the balance sheet of the Irrigation Land Manager as at March 31, 1987 and the statement of revenue and expenditure for the fifteen months then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Irrigation Land Manager as at March 31, 1987 and the results of its operations and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 24, 1987

IRRIGATION LAND MANAGER
BALANCE SHEET
AS AT MARCH 31, 1987

| | March 31, 1987 | December 31, 1985 |
|---|------------------|-------------------|
| ASSETS | | |
| Cash | \$ 6,760 | \$ 31,361 |
| Interest accrued on agreements receivable | 1,820 | 8,334 |
| Lease rentals receivable | 5,590 | 18,755 |
| Agreements receivable | 60,991 | 109,131 |
| Land held for sale, at cost | <u>184,497</u> | <u>190,577</u> |
| | <u>\$259,658</u> | <u>\$358,158</u> |
| LIABILITY | | |
| Due to the Province of Alberta (Note 4) | <u>\$259,658</u> | <u>\$358,158</u> |

The accompanying notes are part
of these financial statements.

IRRIGATION LAND MANAGER
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 1987

| | Fifteen months ended March 31, 1987 | Year ended December 31, 1985 |
|--|---|---------------------------------|
| Revenue: | | |
| Profit on land sales | \$ 81,920 | \$ — |
| Cultivation and grazing leases | 36,966 | 39,630 |
| Surface leases | 14,166 | 8,676 |
| Interest on agreements receivable | <u>6,050</u> | <u>6,745</u> |
| | <u>139,102</u> | <u>55,051</u> |
| Expenditure: | | |
| Water rates | 18,507 | 18,853 |
| Provision for doubtful lease rental receivables | 10,369 | 11,000 |
| Taxes | <u>6,726</u> | <u>7,915</u> |
| | <u>35,602</u> | <u>37,768</u> |
| Excess of revenue over expenditure | 103,500 | 17,283 |
| Due to the Province of Alberta (Note 4) | <u>103,500</u> | <u>17,283</u> |
| | <u>\$ —</u> | <u>\$ —</u> |

IRRIGATION LAND MANAGER
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority
The Irrigation Land Manager operates under the authority of the Irrigation Land Manager Act, Chapter I-12, Revised Statutes of Alberta 1980.

Note 2 Changes in Financial Position
A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Change of Fiscal Period
Upon the direction of the Associate Minister of Agriculture, the fiscal year end of the Irrigation Land Manager has been changed from December 31 to March 31 to coincide with that of the General Revenue Fund. This change resulted in a fifteen month period to March 31, 1987.

| | | | |
|--------|------------------------------------|-----------------------|--------------------------|
| Note 4 | Due to the Province of Alberta | <u>March 31, 1987</u> | <u>December 31, 1985</u> |
| | Balance at beginning of period | \$358,158 | \$385,875 |
| | Excess of revenue over expenditure | 103,500 | 17,283 |
| | Remittances during the period | <u>(202,000)</u> | <u>(45,000)</u> |
| | Balance at end of period | <u>\$259,658</u> | <u>\$358,158</u> |

Note 5 Administration Costs
Costs incurred in the administration of the Irrigation Land Manager's operations have been borne by the Province of Alberta and are not reflected in these financial statements.

Note 6 Approval of Financial Statements
These financial statements were approved by management.

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Revenue Surplus
Statement of Equity in Fixed Assets
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the Alberta
Alcohol and Drug Abuse Commission

I have examined the balance sheet of the Alberta Alcohol and Drug Abuse Commission as at March 31, 1987 and the statements of revenue, expenditure and revenue surplus and equity in fixed assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied, after giving retroactive effect to the changes in the methods of accounting for revenue transferred to the Province of Alberta and contributions used to finance inventory as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.



Edmonton, Alberta
July 31, 1987

C.A.
Auditor General

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
BALANCE SHEET
AS AT MARCH 31, 1987

| | 1987 | 1986 |
|---------------------------------------|--------------------|--------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 5,755 | \$ 6,815 |
| Accountable advances to staff | 24,216 | 35,729 |
| Federal sales tax receivable | 6,689 | 5,440 |
| Inventory (Note 5) | 861,357 | 757,694 |
| | <u>898,017</u> | <u>805,678</u> |
| Fixed: | | |
| Furniture and equipment, net (Note 6) | 575,218 | 589,784 |
| | <u>1,473,235</u> | <u>1,395,462</u> |
| Trust cash | 44,947 | 27,979 |
| | <u>\$1,518,182</u> | <u>\$1,423,441</u> |
| LIABILITIES AND EQUITY | | |
| Current: | | |
| Unearned revenue | \$ — | \$ 1,760 |
| Due to the Province of Alberta, net | 36,660 | 46,224 |
| | <u>36,660</u> | <u>47,984</u> |
| Inventory reserve | 861,357 | 757,694 |
| Equity in fixed assets | 575,218 | 589,784 |
| | <u>1,473,235</u> | <u>1,395,462</u> |
| Trust: | | |
| Patients' Benevolent Fund | 8,023 | 8,074 |
| Memorial Trust Fund | 36,924 | 19,905 |
| | <u>44,947</u> | <u>27,979</u> |
| | <u>\$1,518,182</u> | <u>\$1,423,441</u> |

The accompanying notes are part
of these financial statements.

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
STATEMENT OF REVENUE, EXPENDITURE AND REVENUE SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|-------------------|-------------------|
| Revenue: | | |
| Contributions by the Province of Alberta, | | |
| Department of Community and Occupational Health | \$27,491,343 | \$26,221,878 |
| Other revenue: | | |
| Patients' charges | 33,220 | 27,520 |
| Seminars | 20,735 | 8,655 |
| Federal sales tax recovery | 5,615 | 5,431 |
| Miscellaneous | 12,207 | 4,075 |
| | <u>27,563,120</u> | <u>26,267,559</u> |
| Other revenue transferred to the Province of Alberta | 71,777 | 45,681 |
| Net revenue | <u>27,491,343</u> | <u>26,221,878</u> |
| Expenditure: | | |
| Manpower: | | |
| Salaries | 10,782,645 | 10,575,564 |
| Employer's contributions | 1,345,096 | 1,193,280 |
| Wages | 1,326,474 | 890,773 |
| Allowances and supplementary benefits | 61,422 | 89,269 |
| | <u>13,515,637</u> | <u>12,748,886</u> |
| Services and supplies: | | |
| Professional, technical and labour services | 5,088,309 | 4,752,424 |
| Materials and supplies | 574,661 | 580,456 |
| Travel and relocation | 569,865 | 651,132 |
| Rental of equipment | 170,270 | 201,523 |
| Repairs and maintenance of equipment | 86,658 | 81,399 |
| Freight and postage | 84,867 | 81,178 |
| Other services | 78,447 | 75,163 |
| Telephone and communications | 45,650 | 43,579 |
| Advertising | 41,989 | 63,548 |
| Hosting | 20,865 | 28,081 |
| Insurance | 1,453 | 2,645 |
| | <u>6,763,034</u> | <u>6,561,128</u> |
| | 20,278,671 | 19,310,014 |
| Other: | | |
| Direct financial assistance to outside agencies | 7,003,070 | 6,671,497 |
| Purchase of fixed assets net of trade-ins of \$1,000 (1986 \$2,331) | 105,939 | 168,027 |
| Total expenditure | <u>27,387,680</u> | <u>26,149,538</u> |
| Excess of revenue over expenditure | 103,663 | 72,340 |
| Appropriation to inventory reserve | 103,663 | 72,340 |
| Revenue surplus | <u>\$ —</u> | <u>\$ —</u> |

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
STATEMENT OF EQUITY IN FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|------------------|------------------|
| Balance at beginning of year | \$589,784 | \$552,640 |
| Add: | | |
| Furniture and equipment - provided from operations | 106,939 | 170,358 |
| - net book value of assets previously leased and purchased by option | 64,725 | 20,266 |
| | <u>761,448</u> | <u>743,264</u> |
| Deduct: | | |
| Depreciation for the year | 177,280 | 146,529 |
| Disposals of furniture and equipment, at net book value | 8,950 | 6,951 |
| | <u>186,230</u> | <u>153,480</u> |
| Balance at end of year | <u>\$575,218</u> | <u>\$589,784</u> |

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Alcohol and Drug Abuse Commission operates under the authority of the Alcohol and Drug Abuse Act, Chapter A-38, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

- (a) These financial statements have been prepared in accordance with generally accepted accounting principles except that fixed assets are charged to expense at date of acquisition. Fixed assets are also shown on the balance sheet at original cost less accumulated depreciation with a corresponding credit to equity in fixed assets. Depreciation, calculated on a straight-line basis, is charged to equity in fixed assets.
- (b) Inventories of materials and supplies are valued at cost. Books, tapes and films are valued at 50% of cost.
- (c) Contributions from the Province of Alberta used to finance inventory are reported as being appropriated to the inventory reserve.
- (d) A statement of changes in financial position has not been provided as disclosure in these financial statements is considered to be adequate.

Note 3 Changes in Accounting Policy

Revenue transferred to the Province of Alberta, previously included in the excess of revenue over expenditure, is now reported as a reduction of revenue.

Contributions from the Province of Alberta used to finance inventory were previously reported as amounts due to the Province of Alberta but are now reported as being appropriated to the inventory reserve.

The effects of the above changes are as follows:

| | 1987 | 1986 |
|---|------------------|------------------|
| Reduction in reported revenue | <u>\$ 71,777</u> | <u>\$ 45,681</u> |
| Reduction in the excess of revenue over expenditure | <u>\$175,440</u> | <u>\$118,021</u> |
| Reduction in current liabilities | <u>\$861,357</u> | <u>\$757,694</u> |
| Increase in inventory reserve | <u>\$861,357</u> | <u>\$757,694</u> |

Note 4 Administration Costs

Accommodation and certain other overhead costs incurred in the administration of the Commission have been paid by the Province of Alberta and are not reflected in these financial statements.

Note 5 Inventory

Inventory consists of:

| | 1987 | 1986 |
|------------------------|------------------|------------------|
| Materials and supplies | \$442,254 | \$381,083 |
| Books, tapes and films | <u>419,103</u> | <u>376,611</u> |
| | <u>\$861,357</u> | <u>\$757,694</u> |

Note 6 Fixed Assets

Fixed assets consist of the following:

| | Cost | Accumulated Depreciation | 1987 Net | 1986 Net |
|-------------------------|--------------------|-----------------------------|------------------|------------------|
| Furniture and equipment | \$1,094,988 | \$626,850 | \$468,138 | \$475,621 |
| EDP equipment | <u>273,501</u> | <u>166,421</u> | <u>107,080</u> | <u>114,163</u> |
| | <u>\$1,368,489</u> | <u>\$793,271</u> | <u>\$575,218</u> | <u>\$589,784</u> |

Note 7 Contributions by Province of Alberta

The Province of Alberta recovers part of its contributions to the Commission from the Government of Canada under the Vocational Rehabilitation of Disabled Persons and other agreements. Amounts are included in the revenue of the General Revenue Fund reported by the Department of Community and Occupational Health. Claims relating to the Commission's activities for the years ending March 31, 1987 and March 31, 1986 amount to \$9,585,138 and \$5,034,277 respectively. Claims for the year ending March 31, 1987 include \$3,017,902 relating to additional claims for prior year expenditures as a result of settlement of certain issues with the Government of Canada.

Note 8 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 9 Approval of Financial Statements

These financial statements have been approved by management.

THE ALBERTA ART FOUNDATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Surplus
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of The Alberta Art Foundation

I have examined the balance sheet of The Alberta Art Foundation as at March 31, 1987 and the statement of revenue, expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
August 12, 1987

C.A.
Auditor General

THE ALBERTA ART FOUNDATION
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--------------------------------|--------------------|--------------------|
| ASSETS | | |
| Current: | | |
| Cash (Note 4) | \$3,552,019 | \$2,799,876 |
| Interest receivable | 70,603 | 66,456 |
| Accounts receivable | 250 | 300 |
| Prepaid expenses | <u>—</u> | <u>208</u> |
| | 3,622,872 | 2,866,840 |
| Fixed: | | |
| Equipment | | |
| Purchased | 22,997 | 17,648 |
| Donated | <u>4,856</u> | <u>4,856</u> |
| | 27,853 | 22,504 |
| Less: Accumulated depreciation | <u>13,079</u> | <u>10,383</u> |
| | 14,774 | 12,121 |
| Art Works | | |
| Purchased | 1,183,058 | 996,748 |
| Donated | <u>309,914</u> | <u>275,009</u> |
| | 1,492,972 | 1,271,757 |
| | <u>\$5,130,618</u> | <u>\$4,150,718</u> |
| LIABILITIES AND EQUITY | | |
| Accounts payable | \$ 72,808 | \$ 45,516 |
| Grants payable | <u>2,142</u> | <u>17,367</u> |
| | 74,950 | 62,883 |
| Equity: | | |
| Equity in art works (Note 5) | 1,492,972 | 1,271,757 |
| Contributed surplus | 2,461 | 3,060 |
| Reserve (Note 6) | 3,282,443 | 2,732,443 |
| Surplus | <u>277,792</u> | <u>80,575</u> |
| | 5,055,668 | 4,087,835 |
| | <u>\$5,130,618</u> | <u>\$4,150,718</u> |

The accompanying notes are part
of these financial statements.

THE ALBERTA ART FOUNDATION
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|-------------------|------------------|
| REVENUE | | |
| Contributions from Western Canada Lottery Corporation | \$1,375,846 | \$1,100,000 |
| Interest | 279,205 | 239,389 |
| Miscellaneous | 2,900 | 935 |
| | <u>1,657,951</u> | <u>1,340,324</u> |
| EXPENDITURE | | |
| Grants | 444,735 | 394,768 |
| Purchase of art works | 189,015 | 161,537 |
| Wages | 104,604 | 98,741 |
| Board members fees and expenses | 57,166 | 47,749 |
| Technical and professional services | 39,643 | 24,829 |
| Office | 22,355 | 9,591 |
| Accounting services | 18,000 | — |
| Cataloguing and display | 15,466 | 46,083 |
| Staff travel | 8,564 | 1,524 |
| Public relations | 6,580 | 6,518 |
| Depreciation | 2,097 | 1,550 |
| Donations and gifts of art works | 1,495 | 2,213 |
| Miscellaneous | 1,014 | 2,113 |
| | <u>910,734</u> | <u>797,216</u> |
| Excess of revenue over expenditure for the year | 747,217 | 543,108 |
| Surplus at beginning of year | 80,575 | 87,467 |
| | 827,792 | 630,575 |
| Transfer to reserve (Note 6) | 550,000 | 550,000 |
| Surplus at end of year | <u>\$ 277,792</u> | <u>\$ 80,575</u> |

THE ALBERTA ART FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

- Note 1 Authority
The Alberta Art Foundation operates under the authority of the Alberta Art Foundation Act, Chapter A-15, Revised Statutes of Alberta 1980, as amended.
- Note 2 Significant Accounting Policies and Reporting Practices
General
These financial statements have been prepared in accordance with generally accepted accounting principles except that art works are charged to operations in the year of acquisition. Notwithstanding this policy, however, the balance sheet also shows for information purposes, the cumulative cost of artworks owned with a corresponding credit shown as equity in art works.
Donated Art Works
Donated art works are shown at appraised value at date of acquisition and are recorded as equity in art works. Appraisals are performed by either Foundation personnel or a professional appraiser as determined by the Foundation. Appraised value adjustments may arise upon Board decisions to obtain professional appraisals subsequent to initial Foundation appraisals.
Equipment
Equipment purchased by the Foundation is shown at cost. Equipment donated is shown at the donor's net book value. Contributed surplus is credited with the recorded value of the donated equipment. Equipment is depreciated over 10 years to an estimated salvage value. Depreciation on assets purchased is charged to expenditure and depreciation on donated assets is charged to contributed surplus.
Changes in Financial Position
A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.
- Note 3 Administration Costs
Certain salary, accommodation and other overhead costs incurred in the administration of the Foundation have been borne by the General Revenue Fund and are not reflected in these financial statements.
- Note 4 Cash
Cash consists of deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta. Interest is earned on the daily balance in the fund at the average rate of interest earnings of the fund.
- Note 5 Equity in Art Works
Changes in equity in art works are summarized as follows:
- | | 1987 | 1986 |
|-------------------------------|-------------|-------------|
| Equity at beginning of year | \$1,271,757 | \$1,063,324 |
| Add: Art works purchased | 189,015 | 161,537 |
| Art works donated | 35,404 | 81,900 |
| | 1,496,176 | 1,306,761 |
| Deduct: Disposal of art works | 3,204 | 35,004 |
| Equity at end of year | \$1,492,972 | \$1,271,757 |
- Note 6 Reserve
In accordance with Ministerial directives dated August 3, 1984 and April 15, 1986, \$550,000 of the funds received from Western Canada Lottery Corporation, were transferred from surplus to reserve. The funds are required to be invested in the Consolidated Cash Investment Trust Fund of the Province of Alberta, thus providing a long-term and autonomous source of future funding. These funds are not available to The Alberta Art Foundation for use in its normal operations unless written approval to do so is granted by the Minister of Culture and Multiculturalism.
- Note 7 Commitments
Outstanding commitments at March 31, 1987 amounted to \$93,128 (1986 \$218,325).
- Note 8 Comparative Figures
The 1986 figures have been reclassified where necessary to conform to 1987 presentation.
- Note 9 Approval of Financial Statements
The financial statements were reviewed by the Chairman of the Finance Committee and have been recommended for approval by the Foundation.

THE ALBERTA CULTURAL HERITAGE FOUNDATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Operating Surplus
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of The Alberta
Cultural Heritage Foundation

I have examined the balance sheet of The Alberta Cultural Heritage Foundation as at March 31, 1987 and the statement of revenue, expenditure and operating surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 20, 1987

THE ALBERTA CULTURAL HERITAGE FOUNDATION
BALANCE SHEET
AS AT MARCH 31, 1987

| | 1987 | 1986 |
|---|--------------------|--------------------|
| ASSETS | | |
| Current: | | |
| Cash and term deposits | \$1,950,224 | \$1,639,530 |
| Interest receivable | 13,301 | 15,694 |
| Accounts receivable | 893 | 2,043 |
| Inventory (Note 3) | 46,200 | 50,400 |
| Prepaid expenses | 4,116 | 6,232 |
| | <u>2,014,734</u> | <u>1,713,899</u> |
| Fixed (Note 4) | 31,894 | 7,644 |
| | <u>\$2,046,628</u> | <u>\$1,721,543</u> |
| LIABILITIES AND SURPLUS | | |
| Current: | | |
| Accounts payable | \$ 2,539 | \$ 4,843 |
| Grants payable | 219,825 | 153,870 |
| Obligation under capital lease (Note 5) | 8,014 | — |
| | <u>230,378</u> | <u>158,713</u> |
| Surplus: | | |
| Reserve (Note 6) | 1,000,000 | 1,000,000 |
| Operating surplus | 816,250 | 562,830 |
| | <u>1,816,250</u> | <u>1,562,830</u> |
| | <u>\$2,046,628</u> | <u>\$1,721,543</u> |

The accompanying notes are part
of these financial statements.

THE ALBERTA CULTURAL HERITAGE FOUNDATION
STATEMENT OF REVENUE, EXPENDITURE AND OPERATING SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|---|-------------------|-------------------|
| REVENUE | | |
| Contributions from Western Canada Lottery Corporation | \$1,625,000 | \$1,300,000 |
| Interest | 165,974 | 183,595 |
| Sale of 'Alberta People' kits | 5,652 | 11,982 |
| Sale of Cultural Heritage Profiles | 662 | 900 |
| | <u>1,797,288</u> | <u>1,496,477</u> |
| EXPENDITURE | | |
| Grants for ethno-cultural projects | 1,283,489 | 1,060,304 |
| 'Alberta People' project | 7,689 | 21,936 |
| | <u>1,291,178</u> | <u>1,082,240</u> |
| Administration: | | |
| Salaries and wages | 127,330 | 116,571 |
| Board expenses | 60,773 | 51,000 |
| Office rental and expenses | 37,008 | 31,371 |
| Professional fees | 10,957 | 139 |
| Depreciation and amortization | 8,698 | 5,368 |
| Equipment rental and maintenance | 4,271 | 6,454 |
| Interest | 1,220 | — |
| Bank charges | 535 | 541 |
| Miscellaneous | 1,898 | 3,574 |
| | <u>252,690</u> | <u>215,018</u> |
| | <u>1,543,868</u> | <u>1,297,258</u> |
| Excess of revenue over expenditure for the year | 253,420 | 199,219 |
| Operating surplus at beginning of year | 562,830 | 1,363,611 |
| Appropriated to reserve (Note 6) | — | (1,000,000) |
| Operating surplus at end of year | <u>\$ 816,250</u> | <u>\$ 562,830</u> |

THE ALBERTA CULTURAL HERITAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Cultural Heritage Foundation operates under the authority of the Alberta Cultural Heritage Act, Chapter A-17.5, Statutes of Alberta 1984.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Depreciation and Amortization

Depreciation is recorded using the straight-line method at the following annual rates:

Office furniture - 15% of original cost

Office equipment - 25% of original cost.

Equipment under capital lease is amortized on a straight-line basis over its estimated economic life of five years.

The cost of a video produced for public relations purposes is amortized over its estimated useful life of three years.

(b) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered adequate.

Note 3 Inventory

Inventory consists of 'Alberta People' kits, valued at net realizable value, which is significantly below cost.

Note 4 Fixed Assets

Fixed assets are summarized as follows:

| | 1987 | | 1986 |
|-------------------------------|-----------------|---|-------------------|
| | Cost | Accumulated Depreciation and Amortization | Net Book Value |
| Furniture and equipment | \$23,969 | \$18,244 | \$ 5,725 |
| Public relations video | 20,376 | 3,679 | 16,697 |
| Equipment under capital lease | 11,599 | 2,127 | 9,472 |
| | <u>\$55,944</u> | <u>\$24,050</u> | <u>\$31,894</u> |
| | | | <u>\$7,644</u> |

Note 5 Obligation Under Capital Lease

The following is a schedule of future minimum lease payments under the capital lease expiring February 1, 1989, together with the balance of the obligation under capital lease.

| | 1987 |
|---|-----------------|
| Year ending March 31 | |
| 1988 | \$ 4,805 |
| 1989 | <u>4,807</u> |
| Total minimum lease payments | 9,612 |
| Less: amount representing interest at 18% | <u>(1,598)</u> |
| Balance of the obligation | <u>\$ 8,014</u> |

Note 6 Reserve

The Foundation established a reserve for the purpose of retaining an ongoing funding capability.

Note 7 Commitments

At March 31, 1987, the Foundation had commitments totalling \$354,305 (1986 \$212,376) in respect of grants approved but not disbursed where certain conditions were still to be met by the applicants.

Note 8 Subsequent Event

The "Alberta Cultural Heritage Amendment Act, 1987" received royal assent on June 5, 1987, and when proclaimed, the Alberta Cultural Heritage Foundation will be discontinued, and the Alberta Multicultural Commission established. The assets and liabilities of Alberta Cultural Heritage Foundation will become the assets and liabilities of the Province of Alberta.

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 10 Approval of Financial Statements

These financial statements were reviewed by the Chairman and Treasurer and recommended for approval by the Foundation.

THE ALBERTA FOUNDATION FOR THE LITERARY ARTS
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Retained Earnings
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the Alberta
Foundation for the Literary Arts

I have examined the balance sheet of the Alberta Foundation for the Literary Arts as at March 31, 1987 and the statement of revenue, expenditure and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
May 15, 1987

THE ALBERTA FOUNDATION FOR THE LITERARY ARTS
BALANCE SHEET
AS AT MARCH 31, 1987

| | 1987 | 1986 |
|----------------------------------|------------------|------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$365,615 | \$287,742 |
| Short-term deposits | 497,010 | 521,665 |
| Interest receivable | 38,808 | 7,593 |
| Accounts receivable | 1,947 | 167 |
| Prepaid expenses | 2,898 | 2,448 |
| | <u>906,278</u> | <u>819,615</u> |
| Fixed: | | |
| Furniture and equipment, at cost | 12,982 | 10,992 |
| Less: Accumulated depreciation | 4,793 | 2,299 |
| | <u>8,189</u> | <u>8,693</u> |
| | <u>\$914,467</u> | <u>\$828,308</u> |
| LIABILITIES AND EQUITY | | |
| Current: | | |
| Grants payable | \$ 89,567 | \$177,660 |
| Accounts payable | 4,541 | 12,025 |
| | <u>94,108</u> | <u>189,685</u> |
| Equity: | | |
| Retained earnings | 178,384 | 638,623 |
| Reserve | 641,975 | — |
| | <u>820,359</u> | <u>638,623</u> |
| | <u>\$914,467</u> | <u>\$828,308</u> |

The accompanying notes are part
of these financial statements.

THE ALBERTA FOUNDATION FOR THE LITERARY ARTS
STATEMENT OF REVENUE, EXPENDITURE AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|---|-------------------|-------------------|
| REVENUE | | |
| Contributions from the Western Canada Lottery | | |
| Alberta Division | \$1,000,000 | \$ 800,000 |
| Interest | 61,934 | 66,883 |
| | <u>1,061,934</u> | <u>866,883</u> |
| EXPENDITURE | | |
| Grants | 714,302 | 860,358 |
| Salaries and employee benefits | 75,175 | 47,378 |
| Board members fees and related expenses | 50,359 | 29,795 |
| Office | 27,388 | 18,245 |
| Professional fees | 4,676 | 2,729 |
| Staff travel | 3,178 | 2,767 |
| Depreciation | 2,494 | 2,299 |
| Advertising, public relations and conferences | 2,307 | 2,854 |
| Miscellaneous | 319 | 1,912 |
| | <u>880,198</u> | <u>968,337</u> |
| Excess (deficiency) of revenue over expenditure for the year | 181,736 | (101,454) |
| Retained earnings at beginning of year | 638,623 | 740,077 |
| | <u>820,359</u> | <u>638,623</u> |
| Less: | | |
| Appropriation to reserve (Note 3) | 641,975 | — |
| Retained earnings at end of year | <u>\$ 178,384</u> | <u>\$ 638,623</u> |

THE ALBERTA FOUNDATION FOR THE LITERARY ARTS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

- Note 1 Authority
The Alberta Foundation for the Literary Arts operates under the authority of the Cultural Foundations Act, Chapter C-40, Revised Statutes of Alberta 1980, as amended.
- Note 2 Significant Accounting Policies and Reporting Practices
Grants
Grants are recorded as expenditure when approved by the Board and required conditions are met by the grant applicants.
Amounts returned by grant recipients are offset against grants expenditure in the year they are returned.
Depreciation
Depreciation is recorded using the straight-line method at the following rates:
Office furniture and equipment- 15% of original cost
Computer equipment - 25% of original cost
Changes in Financial Position
A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.
- Note 3 Reserve
The Foundation has established a reserve for the purpose of retaining an ongoing funding capability and to provide for future exceptional grant expenditures.
- Note 4 Commitments
At March 31, 1987 the Foundation had commitments totalling \$22,400 (1986 nil) in respect of grants approved but not disbursed where certain conditions were still to be met by the applicants.
- Note 5 Approval of Financial Statements
These financial statements were reviewed by the Chairman and recommended for approval by the Board.

THE ALBERTA FOUNDATION FOR THE PERFORMING ARTS
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Operating Surplus
Statement of Restricted Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of The Alberta
Foundation for the Performing Arts

I have examined the balance sheet of The Alberta Foundation for the Performing Arts as at March 31, 1987 and the statements of revenue, expenditure and operating surplus and restricted funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
August 7, 1987

THE ALBERTA FOUNDATION FOR THE PERFORMING ARTS
BALANCE SHEET
AS AT MARCH 31, 1987

| | 1987 | 1986 |
|---|--------------------|--------------------|
| ASSETS | | |
| GENERAL FUNDS | | |
| Current: | | |
| Cash | \$ 46,529 | \$ 87 |
| Short-term deposits and Treasury bills | 249,434 | 129,607 |
| Interest receivable | 183,598 | 154,611 |
| Accounts receivable | — | 19,058 |
| Prepaid expenses | 853 | 2,355 |
| Due from restricted funds | 2,008 | 25,175 |
| | <u>482,422</u> | <u>330,893</u> |
| Investments (Note 3) | <u>3,393,605</u> | <u>2,941,293</u> |
| Fixed: | | |
| Furniture and computer equipment, at cost | 40,681 | 35,666 |
| Less: Accumulated depreciation | 23,109 | 13,942 |
| | <u>17,572</u> | <u>21,724</u> |
| | <u>3,893,599</u> | <u>3,293,910</u> |
| RESTRICTED FUNDS (Note 4) | | |
| Current: | | |
| Cash | 62,643 | 144,462 |
| Treasury bills | — | 1,790,745 |
| Interest receivable | 47,620 | 64,499 |
| | <u>110,263</u> | <u>1,999,706</u> |
| Investments (Note 3) | <u>1,500,385</u> | <u>1,502,485</u> |
| | <u>1,610,648</u> | <u>3,502,191</u> |
| | <u>\$5,504,247</u> | <u>\$6,796,101</u> |
| LIABILITIES AND SURPLUS | | |
| GENERAL FUNDS | | |
| Current: | | |
| Accounts payable | \$ 9,622 | \$ 7,453 |
| Grants payable | — | 70,700 |
| | <u>9,622</u> | <u>78,153</u> |
| Surplus: | | |
| Reserves (Note 5) | 3,734,303 | 2,984,303 |
| Operating surplus | 149,674 | 231,454 |
| | <u>3,883,977</u> | <u>3,215,757</u> |
| | <u>3,893,599</u> | <u>3,293,910</u> |
| RESTRICTED FUNDS (Note 4) | | |
| Current: | | |
| Accounts payable | — | 973 |
| Grants payable | — | 79,891 |
| Interest payable | — | 79,853 |
| Due to general funds | 2,008 | 25,175 |
| | <u>2,008</u> | <u>185,892</u> |
| Unexpended funds | <u>1,608,640</u> | <u>3,316,299</u> |
| | <u>1,610,648</u> | <u>3,502,191</u> |
| | <u>\$5,504,247</u> | <u>\$6,796,101</u> |

The accompanying notes are part
of these financial statements.

THE ALBERTA FOUNDATION FOR THE PERFORMING ARTS
STATEMENT OF REVENUE, EXPENDITURE AND OPERATING SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|-------------------|-------------------|
| REVENUE | | |
| Contribution from Western Canada Lottery Corporation (Note 6) | \$1,250,000 | \$1,001,058 |
| Investment income | 379,762 | 335,469 |
| Royalties (Note 7) | 1,712 | 9,583 |
| Donation | 385 | — |
| | <u>1,631,859</u> | <u>1,346,110</u> |
| EXPENDITURE | | |
| Financial assistance to the performing arts: | | |
| Regular program | <u>678,490</u> | <u>626,370</u> |
| Administrative: | | |
| Salaries and employee benefits | 129,140 | 67,686 |
| Board expenses | 44,495 | 61,221 |
| Printing and supplies | 32,234 | 15,819 |
| Rent | 15,147 | 13,676 |
| Depreciation | 9,262 | 9,182 |
| Telephone | 8,693 | 6,900 |
| Legal and professional | 8,000 | 13,695 |
| Postage | 5,209 | 5,359 |
| Insurance | 3,084 | 2,359 |
| Training and seminars | 1,480 | 3,560 |
| Utilities | 855 | 495 |
| Advertising | 648 | 1,613 |
| Leasehold improvements | — | 2,381 |
| Miscellaneous | <u>2,902</u> | <u>2,370</u> |
| | <u>261,149</u> | <u>206,316</u> |
| Special awards program | <u>24,000</u> | <u>16,044</u> |
| | <u>963,639</u> | <u>848,730</u> |
| Excess of revenue over expenditure | 668,220 | 497,380 |
| Operating surplus at beginning of year | <u>231,454</u> | <u>234,074</u> |
| | 899,674 | 731,454 |
| Appropriated to reserve (Note 5) | 750,000 | 500,000 |
| Operating surplus at end of year | <u>\$ 149,674</u> | <u>\$ 231,454</u> |

THE ALBERTA FOUNDATION FOR THE PERFORMING ARTS
STATEMENT OF RESTRICTED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|---------------------|--------------------|
| REVENUE | | |
| Investment income | \$ 241,433 | \$ 364,913 |
| Contribution from Western Canada Lottery Corporation (Note 6) | — | 7,000,000 |
| | <u>241,433</u> | <u>7,364,913</u> |
| EXPENDITURE | | |
| Financial assistance to the performing arts: | | |
| Conditional grants | 1,544,243 | 3,448,293 |
| Unconditional grants | 145,925 | 247,469 |
| Special project grant | 98,562 | — |
| Management consultant grants | 78,996 | — |
| Interest grants | 46,744 | 266,908 |
| | <u>1,914,470</u> | <u>3,962,670</u> |
| Administrative: | | |
| Legal and professional | 19,888 | 15,290 |
| Board expenses | 6,982 | 24,405 |
| Salaries and employee benefits | 4,565 | 38,606 |
| Telephone | 1,374 | 1,971 |
| Postage | 1,012 | 2,115 |
| Printing and supplies | 433 | 1,367 |
| Miscellaneous | 368 | 2,190 |
| | <u>34,622</u> | <u>85,944</u> |
| | <u>1,949,092</u> | <u>4,048,614</u> |
| Excess (deficiency) of revenue over expenditure | (1,707,659) | 3,316,299 |
| Unexpended funds at beginning of year | 3,316,299 | — |
| Unexpended funds at end of year | <u>\$ 1,608,640</u> | <u>\$3,316,299</u> |

THE ALBERTA FOUNDATION FOR THE PERFORMING ARTS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Foundation for the Performing Arts operates under the authority of the Cultural Foundations Act, Chapter C-40, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies

(a) Depreciation

Depreciation is recorded using the straight-line method at the following rates:

Office furniture and equipment - 15% of original cost

Computer equipment - 30% of original cost

(b) Investments

Investments are recorded at cost or amortized cost where applicable. Amortization of premium or discount is calculated on a straight-line basis from acquisition date to maturity date.

(c) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Investments

Investments are summarized as follows:

| | 1987 | | 1986 | |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Cost | Market Value | Cost | Market Value |
| General funds: | | | | |
| Guaranteed investment certificates | \$1,700,000 | \$1,700,000 | \$1,500,000 | \$1,500,000 |
| Government of Canada bonds | 1,593,710 | 1,797,963 | 1,441,293 | 1,611,240 |
| Province of Alberta bonds | 99,895 | 102,750 | — | — |
| | <u>3,393,605</u> | <u>3,600,713</u> | <u>2,941,293</u> | <u>3,111,240</u> |
| Restricted funds: | | | | |
| Government of Canada bonds | <u>1,500,385</u> | <u>1,506,750</u> | <u>1,502,485</u> | <u>1,512,000</u> |
| | <u>\$4,893,990</u> | <u>\$5,107,463</u> | <u>\$4,443,778</u> | <u>\$4,623,240</u> |

The market value of guaranteed investment certificates, which are only realizable on maturity and are non-transferable, is deemed to be equal to cost.

Note 4 Restricted Funds

Restricted funds represent a Conditional Assistance Program established by the Minister of Culture in June 1985. The program was funded from uncommitted lottery funds received in the year ended March 31, 1986 and is intended to assist performing arts organizations meet financial obligations and current objectives. The program, which is scheduled to terminate October 31, 1989, can require grants to be refunded by the recipients if certain contractual conditions are not fulfilled by April 1, 1988.

Note 5 Reserves

The general reserve was established to provide a long-term and autonomous source of funding. The reserve for the Supplementary Operating Support Program was established to respond to the needs caused by a reduction in the operating grant program of the Department of Culture and Multiculturalism. The balances and transfers to these reserves, appropriated from operating surplus by resolution of the Board of Directors of the Foundation, are summarized as follows:

| | Balance at beginning of year | Transfers to Reserves | Balance at end of year |
|---|------------------------------|-----------------------|------------------------|
| General reserve | \$2,984,303 | \$500,000 | \$3,484,303 |
| Reserve for supplementary operating support program | — | 250,000 | 250,000 |
| | <u>\$2,984,303</u> | <u>\$750,000</u> | <u>\$3,734,303</u> |
| 1986 comparative figures | <u>\$2,484,303</u> | <u>\$500,000</u> | <u>\$2,984,303</u> |

Note 6 Contribution from Western Canada Lottery Corporation

Western Canada Lottery Corporation contributions are received pursuant to provisions of the Interprovincial Lottery License which expires March 31, 1989.

Note 7 Royalties

As a condition of some grants, the Foundation may be entitled to receive a share of producers' receipts in the form of royalties.

Note 8 Commitments

At March 31, 1987 the Foundation had general funds commitments of \$120,495 (1986 \$271,468) and restricted funds commitments of \$1,085,649 (1986 \$2,767,284) in respect of grants approved but not yet disbursed, pending fulfillment of conditions by recipients. In addition, \$214,204 (1986 \$145,000) of restricted funds was committed for management consultant grants.

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 10 Approval of Financial Statements

These financial statements were reviewed by Management and recommended for approval by the Board.

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Surplus
Statement of Restricted Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Directors of The Alberta
Historical Resources Foundation

I have examined the balance sheet of The Alberta Historical Resources Foundation as at December 31, 1986 and the statements of revenue, expenditure and surplus and restricted funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Foundation as at December 31, 1986 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
February 27, 1987

C.A.
Auditor General

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
BALANCE SHEET
AS AT DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|----------------------------------|--------------------|--------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 267,444 | \$ 157,018 |
| Short-term deposits | 1,181,749 | 927,779 |
| Accounts receivable | 7,067 | 9,397 |
| Prepaid expenses | 3,315 | 1,847 |
| | <u>1,459,575</u> | <u>1,096,041</u> |
| Fixed: | | |
| Furniture and equipment, at cost | 58,961 | 47,308 |
| Less: Accumulated depreciation | 31,781 | 25,645 |
| | <u>27,180</u> | <u>21,663</u> |
| Loans receivable, net | <u>24,190</u> | <u>27,606</u> |
| Historical, at cost | 368,606 | 198,227 |
| | <u>\$1,879,551</u> | <u>\$1,343,537</u> |
| LIABILITIES AND EQUITY | | |
| Current: | | |
| Grants payable (Note 3) | \$ 147,994 | \$ 79,241 |
| Accounts payable | 66,790 | 8,962 |
| | <u>214,784</u> | <u>88,203</u> |
| Equity: | | |
| Equity in historical assets | 368,606 | 198,227 |
| Surplus | 564,308 | 730,660 |
| Reserve (Note 5) | 700,000 | 302,834 |
| Restricted fund | 31,853 | 23,613 |
| | <u>1,664,767</u> | <u>1,255,334</u> |
| | <u>\$1,879,551</u> | <u>\$1,343,537</u> |

The accompanying notes are part
of these financial statements.

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|---|-------------------|------------------|
| REVENUE | | |
| Contributions from the Western Canada Lottery | | |
| Alberta Division | \$ 951,946 | \$797,600 |
| Interest | 98,249 | 73,201 |
| Donations | 10,357 | 11,453 |
| Recovery of bad debt | — | 9,500 |
| Grant from the Government of Canada | — | 8,296 |
| Membership fees | 5,645 | 7,586 |
| Miscellaneous | 7,692 | 9,003 |
| | <u>1,073,889</u> | <u>916,639</u> |
| EXPENDITURE | | |
| Architectural preservation | 409,475 | 270,700 |
| Public awareness | 222,914 | 122,142 |
| Salaries and employee benefits | 127,363 | 133,242 |
| Board of Directors expenses | 44,985 | 40,749 |
| Office supplies and expenses | 19,893 | 15,593 |
| Staff training | 6,138 | 5,830 |
| Depreciation on furniture and equipment | 6,136 | 5,938 |
| Travel and car rental | 3,222 | 3,450 |
| Foundation projects | 2,949 | 4,125 |
| | <u>843,075</u> | <u>601,769</u> |
| Surplus for the year | <u>230,814</u> | <u>314,870</u> |
| Surplus at beginning of year | | |
| As previously reported | 415,428 | 415,428 |
| Adjustment of grants payable (Note 3) | <u>315,232</u> | <u>25,000</u> |
| As restated | <u>730,660</u> | <u>440,428</u> |
| | 961,474 | 755,298 |
| Appropriation to reserve (Note 5) | <u>397,166</u> | <u>24,638</u> |
| Surplus at end of year | <u>\$ 564,308</u> | <u>\$730,660</u> |

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
STATEMENT OF RESTRICTED FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1986

| | Balance at Beginning of Year | Add Contributions and Interest | Deduct Expenditures | Balance at End of Year |
|----------------------------------|------------------------------------|--------------------------------------|------------------------|------------------------------|
| Endowment Fund: | | | | |
| Sonderstrom Fund | \$25,000 | \$ — | \$ — | \$25,000 |
| Expendable Funds: | | | | |
| Sonderstrom | 4,758 | 2,095 | — | 6,853 |
| Michener House | (6,295) | 6,295 | — | — |
| Bow Valley Chapter of Questar | 150 | — | 150 | — |
| | <u>(1,387)</u> | <u>8,390</u> | <u>150</u> | <u>6,853</u> |
| | <u>\$23,613</u> | <u>\$8,390</u> | <u>\$150</u> | <u>\$31,853</u> |

THE ALBERTA HISTORICAL RESOURCES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

- Note 1 Authority
The Alberta Historical Resources Foundation operates under the authority of the Historical Resources Act, Chapter H-8, Revised Statutes of Alberta 1980.
- Note 2 Significant Accounting Policies and Reporting Practices
- (a) General
These financial statements have been prepared in accordance with generally accepted accounting principles except that the cost of historical assets is charged to expenditure on acquisition and shown at cost on the balance sheet as historical assets with the offsetting credit to equity in historical assets.
- (b) Fixed Assets
Furniture and equipment are depreciated at the rate of 15% per annum on a straight line basis.
- (c) Changes in Financial Position
A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.
- Note 3 Grants Payable
The 1985 and 1984 grants payable were overstated by \$315,232 and \$25,000 respectively. The retroactive adjustment of these overstatements resulted in an increase of \$290,232 in the surplus for the year ended December 31, 1985, an increase in the surplus at December 31, 1985 of \$315,232 and an increase in the surplus at the beginning of 1985 of \$25,000.
- Note 4 Accommodation
Accommodation costs incurred in the administration of the Foundation have been borne by the General Revenue Fund and are not reflected in these financial statements.
- Note 5 Reserve
The Foundation has established a reserve for the purpose of retaining an ongoing funding capability.
- Note 6 Commitments
At December 31, 1986 the Foundation had commitments totalling \$424,344 (1985 \$342,825) in respect of planned projects and grants approved but not disbursed where certain conditions were still to be met by the applicants.
- Note 7 Comparative Figures
The 1985 figures have been reclassified where necessary to conform to 1986 presentation.
- Note 8 Approval of Financial Statements
These financial statements were reviewed by the Chairman and recommended for approval by the Board.

GLENBOW-ALBERTA INSTITUTE
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Consolidated Balance Sheet
Consolidated Statement of Operations
Consolidated Statement of Operating Fund Balance
Consolidated Statement of Capital Contributions
Consolidated Statement of Changes in Financial Position
Consolidated Statement of Endowment Fund Transactions
Notes to the Consolidated Financial Statements

AUDITOR'S REPORT

To the Board of Governors of the
Glenbow-Alberta Institute

I have examined the consolidated balance sheet of the Glenbow-Alberta Institute as at March 31, 1987 and the consolidated statements of operations, operating fund balance, capital contributions, changes in financial position and endowment fund transactions for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances, except as explained in the following paragraph.

In common with similar organizations, the Institute derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the Institute and I was not able to determine whether any adjustments might be necessary to donation revenue, net operating surplus, assets and operating surplus balance at end of year.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of revenue from donations referred to in the preceding paragraph, these consolidated financial statements present fairly the financial position of the Institute as at March 31, 1987, the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the consolidated financial statements applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
June 5, 1987

GLENBOW-ALBERTA INSTITUTE
CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 1987

| | 1987 | 1986 |
|---------------------------------------|---------------------|---------------------|
| ASSETS | | |
| Operating | | |
| Current: | | |
| Cash and deposits | \$ 1,001,680 | \$ 641,801 |
| Accrued interest receivable | 191,846 | 171,392 |
| Accounts receivable | 53,139 | 110,550 |
| Prepaid expenses | 47,577 | 162,730 |
| Merchandise for resale | 164,902 | 170,699 |
| | <u>1,459,144</u> | <u>1,257,172</u> |
| Collections | — | — |
| Property and equipment (Note 4) | 451,789 | 1,189,759 |
| | <u>1,910,933</u> | <u>2,446,931</u> |
| Endowment | | |
| Marketable securities (Note 3(a)) | 8,941,440 | 8,392,012 |
| Investment property (Note 3(b)) | 500,000 | — |
| | <u>9,441,440</u> | <u>8,392,012</u> |
| Designated | | |
| Current: | | |
| Deposits | 3,544,579 | 3,904,205 |
| Accrued interest receivable | 78,785 | — |
| | <u>3,623,364</u> | <u>3,904,205</u> |
| | <u>\$14,975,737</u> | <u>\$14,743,148</u> |
| LIABILITIES, EQUITY AND FUND BALANCES | | |
| Operating | | |
| Current: | | |
| Accounts payable | \$ 343,849 | \$ 332,209 |
| Equity: | | |
| Operating fund balance | 1,567,084 | 423,235 |
| Capital contributions | — | 1,691,487 |
| | <u>1,567,084</u> | <u>2,114,722</u> |
| | <u>1,910,933</u> | <u>2,446,931</u> |
| Endowment | | |
| Fund balance | 9,441,440 | 8,392,012 |
| | <u>9,441,440</u> | <u>8,392,012</u> |
| Designated | | |
| Funds balance (Note 5) | 3,623,364 | 3,904,205 |
| | <u>3,623,364</u> | <u>3,094,205</u> |
| | <u>\$14,975,737</u> | <u>\$14,743,148</u> |

The accompanying notes are part of
these consolidated financial statements.

GLENBOW-ALBERTA INSTITUTE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | | | 1986 |
|-------------------------------|-------------------|------------------|-------------------|---------------------|
| | Operating | Designated | Consolidated | Consolidated |
| Income | | | | |
| Province of Alberta grants - | | | | |
| general operating | \$3,409,030 | \$ — | \$3,409,030 | \$2,611,133 |
| other | — | 13,782 | 13,782 | 32,669 |
| Government of Canada grants - | | | | |
| National Museums operating | — | 183,066 | 183,066 | 148,164 |
| Canada Council | — | 131,578 | 131,578 | 121,935 |
| other | — | 201,574 | 201,574 | 285,490 |
| Investment income - | | | | |
| endowment | 847,870 | — | 847,870 | 850,519 |
| other | 173,639 | — | 173,639 | 175,187 |
| Donations | 296,582 | 835,612 | 1,132,194 | 951,567 |
| Glenbow Museum Acquisitions | | | | |
| Society (Note 6) | — | 90,764 | 90,764 | 107,153 |
| Calgary Region Arts | | | | |
| Foundation grant | — | 80,872 | 80,872 | 49,280 |
| Admissions and sales | 315,485 | — | 315,485 | 424,675 |
| Museum Shop sales | 358,875 | — | 358,875 | 457,165 |
| Luxton Museum sales | 36,659 | — | 36,659 | 32,080 |
| Publications | — | 46,768 | 46,768 | 25,991 |
| Miscellaneous | 38,617 | — | 38,617 | 52,100 |
| | <u>5,476,757</u> | <u>1,584,016</u> | <u>7,060,773</u> | <u>6,325,108</u> |
| Expenses | | | | |
| Curatorial | 1,192,342 | 467,061 | 1,659,403 | 1,521,068 |
| Support services | 1,376,716 | 332,544 | 1,709,260 | 1,612,430 |
| Administration | 848,985 | 377,206 | 1,226,191 | 986,148 |
| Occupancy (Note 7) | 739,877 | 22 | 739,899 | 729,696 |
| Museum Shop | 373,893 | 16,003 | 389,896 | 409,930 |
| Interpretation | 150,395 | 194,998 | 345,393 | 381,103 |
| Public relations | 289,802 | 52,252 | 342,054 | 425,463 |
| Depreciation on equipment | 88,309 | — | 88,309 | 195,237 |
| Development | 130,665 | 5,110 | 135,775 | 130,191 |
| Luxton Museum | 115,879 | — | 115,879 | 111,874 |
| Purchases of collection items | 19,506 | 92,052 | 111,558 | 198,003 |
| Publications | — | 46,768 | 46,768 | 25,991 |
| | <u>5,326,369</u> | <u>1,584,016</u> | <u>6,910,385</u> | <u>6,727,134</u> |
| Net operating surplus | | | | |
| (deficit) for the year | <u>\$ 150,388</u> | <u>\$ —</u> | <u>\$ 150,388</u> | <u>\$ (402,026)</u> |

GLENBOW-ALBERTA INSTITUTE
CONSOLIDATED STATEMENT OF OPERATING FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|--|--------------------|-------------------|
| Balance at beginning of year | \$ 423,235 | \$ 825,261 |
| Net operating surplus (deficit) for the year | 150,388 | (402,026) |
| Transfer from capital contributions | 993,461 | — |
| Balance at end of year | <u>\$1,567,084</u> | <u>\$ 423,235</u> |

GLENBOW-ALBERTA INSTITUTE
CONSOLIDATED STATEMENT OF CAPITAL CONTRIBUTIONS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|------------------|--------------------|
| Balance at beginning of year | \$1,691,487 | \$1,696,705 |
| Contributions | | |
| Grants received for acquisition of furniture and equipment | 13,303 | 5,832 |
| | <u>1,704,790</u> | <u>1,702,537</u> |
| Reductions | | |
| Loss on disposal of fixed assets | 2,130 | 11,050 |
| Transfer of property to endowment fund | 149,221 | — |
| Write-off of furniture and equipment (Note 4) | 559,978 | — |
| Transfer to operating fund balance | 993,461 | — |
| | <u>1,704,790</u> | <u>11,050</u> |
| Balance at end of year | <u>\$ —</u> | <u>\$1,691,487</u> |

GLENBOW-ALBERTA INSTITUTE
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|--------------------|-------------------|
| Cash provided by (used in) operating activities: | | |
| Surplus (deficit) for the year | \$ 150,388 | \$(402,026) |
| Add items not affecting cash: | | |
| Depreciation | 88,309 | 195,237 |
| Net change in non-cash balances relating to operations | 169,546 | (12,070) |
| | <u>408,243</u> | <u>(218,859)</u> |
| Purchases of furniture and equipment | (63,097) | (41,209) |
| Proceeds on disposal of fixed assets | 1,430 | 4,000 |
| Grants received for fixed asset acquisitions | 13,303 | 5,832 |
| | <u>(48,364)</u> | <u>(31,377)</u> |
| Increase (decrease) in cash | 359,879 | (250,236) |
| Cash at beginning of year | 641,801 | 892,037 |
| Cash at end of year | <u>\$1,001,680</u> | <u>\$ 641,801</u> |

GLENBOW-ALBERTA INSTITUTE
 CONSOLIDATED STATEMENT OF ENDOWMENT FUND TRANSACTIONS
 FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|---------------------------|---------------------------|
| Contributions | | |
| Gain on disposal of investments | \$ 547,747 | \$ 207,569 |
| Property transferred from operating assets | 149,221 | — |
| Gain on disposal of property (Note 3(b)) | 350,779 | — |
| Amortization of discount on stripped bond coupons | — | 90,168 |
| Other contributions | <u>1,681</u> | <u>1,389</u> |
| | <u>1,049,428</u> | <u>299,126</u> |
| Reductions | | |
| Loss on disposal and write-down to market value of investments | <u>—</u> | <u>69,810</u> |
| Increase for the year | <u>1,049,428</u> | <u>229,316</u> |
| Balance at beginning of year | 8,392,012 | 11,750,437 |
| Adjustments re amortization of prior years' capital losses | — | (1,891,036) |
| Reclassification to capital contributions | <u>—</u> | <u>(1,696,705)</u> |
| | <u>8,392,012</u> | <u>8,162,696</u> |
| Balance at end of year | <u><u>\$9,441,440</u></u> | <u><u>\$8,392,012</u></u> |

GLENBOW-ALBERTA INSTITUTE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

Glenbow-Alberta Institute operates under the authority of the Glenbow-Alberta Institute Act, Chapter G-5, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies

(a) Consolidated Financial Statements

The consolidated financial statements of Glenbow-Alberta Institute which include the accounts of its wholly-owned subsidiaries, Glenbow Foundation and Luxton Museum Ltd., have been prepared in accordance with generally accepted accounting principles, except:

- (i) Depreciation has not been provided on buildings.
- (ii) Collection items, including gifts, constitute the principal portion of the Institute's assets but are not reflected in the consolidated balance sheet because of the practical difficulties in reflecting them at a meaningful current value. Collection items are expensed when purchased.

(b) Designated Funds

The Institute receives certain funds which are designated by the donor for special uses. When these funds are spent for the purposes for which they are intended, they are taken into the accounts of the Institute as operating income if the related expenditures are of an operating nature, and as a capital contribution if the related expenditures are of a capital nature. The Institute regards unexpended funds of this nature as designated funds.

It is the Institute's policy to maintain these funds separately from its own funds over which it has unrestricted authority and control.

(c) Endowment Investment

The Institute's capital endowment, initially \$10,000,000, is invested in marketable securities in accordance with the provisions of the Glenbow-Alberta Institute Act. It has, over the years, been reduced by the net effect of gains and losses on security sales and other minor charges.

The Institute's policy to recover the net capital losses realized to June 30, 1983 was achieved by the sale of stripped bond coupons, recognizing a gain of \$567,316.

Investment gains and losses realized are recognized in the consolidated statement of Endowment Fund Transactions.

(d) Property and Equipment

- (i) Land and buildings are stated at cost to the Institute and its predecessor and wholly-owned subsidiaries.

- (ii) Furniture and equipment are depreciated at a composite rate of 10% per annum, straight-line. Land leased in Banff National Park is amortized over the life of the lease on a straight-line basis.

Note 3 Endowment Fund

(a) Marketable Securities

Short-term deposits, bonds, debentures and stocks are recorded at cost, as follows:

| | 1987 | 1986 |
|------------------------------|---------------------|--------------------|
| Bonds and debentures | \$ 5,667,246 | \$4,209,678 |
| Common and preferred stocks | 3,020,774 | 1,893,506 |
| Stripped bond coupons | — | 775,827 |
| Cash and short-term deposits | 253,420 | 1,513,001 |
| | <u>\$ 8,941,440</u> | <u>\$8,392,012</u> |
| Market value | <u>\$10,331,803</u> | <u>\$9,751,034</u> |

(b) Investment Property

An investment property, acquired through an exchange for another building owned by the Institute, has been recorded at the offer price of \$500,000. Rental revenue (net of expenses) of \$19,246 is included in investment income. No depreciation has been provided on the building.

Note 4 Property and Equipment

| | 1987 | | 1986 | |
|-------------------------|--------------------|--------------------------|------------------|--------------------|
| | Cost | Accumulated Depreciation | Net Book Value | Net Book Value |
| Furniture and equipment | \$1,533,912 | \$1,245,415 | \$288,497 | \$ 888,622 |
| Buildings | 155,435 | — | 155,435 | 293,042 |
| Leased land | 10,000 | 2,143 | 7,857 | 8,095 |
| | <u>\$1,699,347</u> | <u>\$1,247,558</u> | <u>\$451,789</u> | <u>\$1,189,759</u> |

The building exchanged for the endowment investment (Note 3(b)) was previously reported under Property and Equipment, Operating Fund.

During the year the Institute revised the capitalization criteria for furniture and equipment. The cost of assets which do not conform to the revised criteria and the cost of assets disposed of in prior years or considered of no further use or value was deleted from property and equipment and is disclosed as a reduction on the Consolidated Statement of Capital Contributions.

Note 5 Designated Funds Balance

Designated funds transactions for the year ended March 31, 1987 are as follows:

| | |
|-------------------------------------|--------------------|
| Balance at beginning of year | \$3,904,205 |
| Receipts for the year | 1,303,175 |
| | <u>5,207,380</u> |
| Less amounts recognized as income: | |
| - from balance at beginning of year | 857,043 |
| - from receipts for the year | 726,973 |
| | <u>1,584,016</u> |
| Balance at end of year | <u>\$3,623,364</u> |

Designated funds balance includes a grant of \$2,000,000 from the Province of Alberta to reorganize the space in the Glenbow Museum for the purpose of combining the Glenbow and Devonian collections. Interest earned on this grant, net of expenses, is included in designated funds.

Note 6 Glenbow Museum Acquisitions Society

The Glenbow Museum Acquisitions Society is a legally separate entity whose purpose is to raise money for one of the Institute's designated funds. In 1987, the Society made contributions of \$105,000 to the Institute (1986 \$131,400).

Note 7 Imputed Rent, Province of Alberta, and Imputed Services, City of Calgary

The Glenbow Centre is leased to the City of Calgary by the Province of Alberta for a nominal amount of one dollar per year. The City of Calgary, in turn, subleases it to the Institute for the same amount per year. The City of Calgary also provides janitorial, maintenance and utility services for the Centre at no cost to the Institute. The fair market value of the services was determined to be \$1,118,920 for the year ended March 31, 1987 (1986 \$1,138,977). These amounts have not been included in the statement of operations. Fair market value of the rental has not been determined.

Note 8 Pooled Pension Trust Fund

The Institute has a contributory pension plan providing retirement income for all employees meeting certain age and length of service requirements. Under the terms of the plan, the Institute contributes an amount deemed necessary as recommended by a qualified actuary to fund the liabilities under the plan. In 1987 and 1986, this amount has been approximately equal to the employees' contributions to fund current service benefits. The total pension expense for the year was \$107,602 (1986 \$105,306).

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 10 Approval of Financial Statements

The Audit Committee reviewed these financial statements and recommended their approval to the Institute's Board of Governors.

THE GOVERNMENT HOUSE FOUNDATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Surplus
Notes to the Financial Statements

AUDITOR'S REPORT

To the Directors of The Government
House Foundation

I have examined the balance sheet of The Government House Foundation as at March 31, 1987 and the statement of revenue, expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
June 18, 1987

THE GOVERNMENT HOUSE FOUNDATION
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|-------------------------------|------------------|------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 4,902 | \$ 34,754 |
| Short-term deposits | 80,000 | 50,000 |
| Accrued interest receivable | <u>1,546</u> | <u>1,545</u> |
| | 86,448 | 86,299 |
| Fixed: | | |
| Artworks and furnishings | | |
| - purchased, at cost | 310,138 | 268,953 |
| - donated, at appraised value | <u>179,229</u> | <u>179,078</u> |
| | 489,367 | 448,031 |
| | <u>\$575,815</u> | <u>\$534,330</u> |
| LIABILITIES AND EQUITY | | |
| Current: | | |
| Accounts payable | \$ 110 | \$ 2,716 |
| Equity in fixed assets: | | |
| Purchased | 310,138 | 268,953 |
| Donated | <u>179,229</u> | <u>179,078</u> |
| | 489,367 | 448,031 |
| Operating surplus | <u>86,338</u> | <u>83,583</u> |
| | <u>\$575,815</u> | <u>\$534,330</u> |

The accompanying notes are part
of these financial statements.

THE GOVERNMENT HOUSE FOUNDATION
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--------------------------------------|-----------------|-----------------|
| Revenue: | | |
| Grants from the Province of Alberta, | | |
| Department of Culture | \$50,000 | \$50,000 |
| Interest | 6,006 | 5,686 |
| Disposal of artwork | <u>—</u> | <u>500</u> |
| | 56,006 | 56,186 |
| Expenditure: | | |
| Artworks | 41,185 | — |
| Office supplies and expense | 4,531 | 1,992 |
| Public relations | 3,408 | 3,931 |
| Framing and mounting | 2,610 | — |
| Travel and member's expense | 930 | 1,273 |
| Professional fees | 185 | — |
| Furnishings | — | 2,282 |
| Miscellaneous | <u>402</u> | <u>128</u> |
| | 53,251 | 9,606 |
| Excess of revenue over expenditure | 2,755 | 46,580 |
| Surplus at beginning of year | <u>83,583</u> | <u>37,003</u> |
| Surplus at end of year | <u>\$86,338</u> | <u>\$83,583</u> |

THE GOVERNMENT HOUSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Government House Foundation operates as a non-profit entity under the authority of the Government House Act, Chapter G-7, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with generally accepted accounting principles except that purchases of fixed assets are charged to operations in the year of acquisition. Notwithstanding this policy, however, the balance sheet also shows, for information purposes, the cumulative amount of such expenditures in respect of all fixed assets presently owned with a corresponding credit shown as equity in fixed assets.

Donated fixed assets are shown on the balance sheet at appraised value with the offsetting credit to equity in fixed assets.

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Administration Costs

Salary, accommodation, basic office furnishings, and other overhead costs incurred in the administration of the Foundation have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 4 Approval of Financial Statements

These financial statements were approved by the Chairman of the Foundation.

ALBERTA MOTION PICTURE DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Operations
Notes to the Financial Statements

AUDITOR'S REPORT

To the Board of Directors of the
Alberta Motion Picture Development Corporation

I have examined the balance sheet of the Alberta Motion Picture Development Corporation as at March 31, 1987 and the statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987, and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
June 17, 1987

ALBERTA MOTION PICTURE DEVELOPMENT CORPORATION
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|--------------------|--------------------|
| ASSETS | | |
| Operating Fund | | |
| Cash | \$ 27,601 | \$ 19,110 |
| Accounts receivable | 51 | 1,060 |
| Prepaid expenses | 2,997 | 5,835 |
| Leasehold improvements | 32,901 | 32,901 |
| Furniture and equipment | 77,092 | 78,664 |
| | <u>140,642</u> | <u>137,570</u> |
| Loan Fund | | |
| Cash | 108,491 | 285,807 |
| Loans to producers of motion pictures and television pilots (Note 3) | 945,215 | 1,106,537 |
| | <u>1,053,706</u> | <u>1,392,344</u> |
| | <u>\$1,194,348</u> | <u>\$1,529,914</u> |
| LIABILITIES | | |
| Operating Fund | | |
| Accounts payable | \$ 13,534 | \$ 11,261 |
| Due to the Province of Alberta (Note 4) | 17,115 | 14,744 |
| Equity in fixed assets | 109,993 | 111,565 |
| | <u>140,642</u> | <u>137,570</u> |
| Loan Fund | | |
| Due to the Motion Picture Development Fund (Note 5) | 1,053,706 | 1,392,344 |
| | <u>\$1,194,348</u> | <u>\$1,529,914</u> |

The accompanying notes are part of these financial statements.

ALBERTA MOTION PICTURE DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|------------------|------------------|
| Salaries and employee benefits | \$161,507 | \$136,516 |
| Promotion, marketing and travel | 84,704 | 89,458 |
| Office rental | 37,783 | 38,867 |
| Professional fees | 28,787 | 33,367 |
| Supplies and services | 24,972 | 19,507 |
| Equipment purchase, rental and repair | 17,529 | 20,666 |
| Advertising | 16,628 | 27,524 |
| Honorariums - Board and committee members | 13,528 | 11,485 |
| Telephone | 12,467 | 11,004 |
| Other | 6,114 | 4,910 |
| | <u>\$404,019</u> | <u>\$393,304</u> |
| Contribution by the Province of Alberta (Note 4) | <u>\$404,019</u> | <u>\$393,304</u> |

ALBERTA MOTION PICTURE DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Motion Picture Development Corporation operates under the authority of the Motion Picture Development Act, Chapter M-19.1, Statutes of Alberta 1981, which expires on March 31, 1989.

Note 2 Significant Accounting Policies and Reporting Practices

a) Basis of Accounting

These financial statements have been prepared in accordance with generally accepted accounting principles except that leasehold improvements and purchases of furniture and equipment are charged to operations in the year of acquisition. The balance sheet also shows, for information purposes, the cumulative amount of such expenditures in respect of all fixed assets presently owned with a corresponding credit shown as equity in fixed assets.

b) Fund Accounting

The Alberta Motion Picture Development Corporation receives funding from different sources. It is the Corporation's policy to keep these funds segregated by purpose and to report the assets and liabilities of each fund separately on the balance sheet. The two funds are:

- i) an operating fund which receives operating grants from the Department of Economic Development and Trade of the Province of Alberta to pay the operating expenses of the Corporation.
- ii) a loan fund which receives advances from the Motion Picture Development Fund, interest earned on loans to producers and bank interest earned on unutilized advances. These amounts are used to make advances to producers of motion pictures and television pilots.

c) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Loans to Producers of Motion Pictures and Television Pilots

These loans are limited to 60% of the total funds required during the pre-production stage. For a television series, the pre-production stage includes the cost of producing the pilot.

| | 1987 | 1986 |
|--|-------------------|--------------------|
| Loans and interest due from producers at beginning of year | | |
| before allowance for non-recovery | \$2,567,613 | \$1,626,969 |
| Add: | | |
| Loans advanced in year | 333,202 | 872,461 |
| Interest earned in year | 252,437 | 219,819 |
| | <u>3,153,252</u> | <u>2,719,249</u> |
| Deduct: | | |
| Loans repaid by producers | 40,943 | 88,375 |
| Interest received | 23,700 | 23,316 |
| Loans and interest written off | 399,810 | 39,945 |
| | <u>464,453</u> | <u>151,636</u> |
| | 2,688,799 | 2,567,613 |
| Deduct: | | |
| Allowance for non-recovery of loans and interest | <u>1,743,584</u> | <u>1,461,076</u> |
| Loans and interest due from producers at end of year | <u>\$ 945,215</u> | <u>\$1,106,537</u> |

The allowance for non-recovery of loans and interest is determined:

- by management's ongoing assessment of the ability of the producers to obtain financing to cover the full cost of production and to repay the loans, and
- by applying a formula which in management's opinion reflects the high financial risks faced by producers and financiers during the pre-production stage of making motion pictures and television pilots.

Note 4 Due to the Province of Alberta

Operating expenses of the Corporation are paid by the Province of Alberta. The unexpended portion of the Province's contribution and the interest earned on the operating advances are due to the Province.

| | 1987 | 1986 |
|---------------------------------|------------------|------------------|
| Balance at beginning of year | \$ 14,744 | \$ 5,342 |
| Cash received during the year | 404,100 | 400,000 |
| | <u>418,844</u> | <u>405,342</u> |
| Operating expenses for the year | 404,019 | 393,304 |
| | <u>14,825</u> | <u>12,038</u> |
| Interest earned | 2,290 | 2,706 |
| Balance at end of year | <u>\$ 17,115</u> | <u>\$ 14,744</u> |

Note 5 Due to the Motion Picture Development Fund

| | 1987 | 1986 |
|---|--------------------|--------------------|
| Due to the Fund at beginning of year before allowance for non-recovery | \$2,853,420 | \$1,776,615 |
| Add: | | |
| Advances in year | 256,000 | 995,000 |
| Interest earned in year on loans to producers | 252,437 | 219,819 |
| Other interest income | 12,700 | 6,525 |
| | <u>3,374,557</u> | <u>2,997,959</u> |
| Deduct: | | |
| Repayments of advances by the Corporation | 177,457 | 104,594 |
| Loans and interest due from producers written off | 399,810 | 39,945 |
| | <u>577,267</u> | <u>144,539</u> |
| | 2,797,290 | 2,853,420 |
| Deduct: | | |
| Allowance for non-recovery of loans and interest due from producers | 1,743,584 | 1,461,076 |
| Due to the Fund at end of year | <u>\$1,053,706</u> | <u>\$1,392,344</u> |

At its inception, the Fund was advanced \$3 million which, together with interest thereon, is available to the Corporation for making loans to producers. Loans written off by the Corporation together with the allowance for non-recovery, reduce the liability of the Corporation to the Fund.

At March 31, 1987, there was a balance of approximately \$1.93 million remaining in the Fund which was available to the Corporation for making loans to producers of motion pictures and television pilots.

Note 6 Commitments

Operating Fund:

Effective August 1, 1982, the Corporation signed a five year lease for office accommodation in Canmore, Alberta. The lease has a four year renewal term and a minimum annual rent of \$36,810.

Loan Fund:

At March 31, 1987 the Corporation was committed to making loan advances of \$484,530 to producers of motion pictures and television pilots.

Note 7 Approval of Financial Statements

These financial statements were reviewed by management and recommended for approval by the Board.

ALBERTA OPPORTUNITY COMPANY
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Income and Expenses
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedules of Expenses

AUDITOR'S REPORT

To the Board of Directors of the
Alberta Opportunity Company

I have examined the balance sheet of the Alberta Opportunity Company as at March 31, 1987 and the statements of income and expenses and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
April 30, 1987

C.A.
Auditor General

ALBERTA OPPORTUNITY COMPANY
BALANCE SHEET
MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash | \$ 4,293,400 | \$ 5,344,200 |
| Deferred charges and accounts receivable | 127,200 | 18,800 |
| Property held for sale (Note 3) | 5,582,700 | 5,751,600 |
| Loans receivable (Note 4) | 132,693,500 | 133,875,600 |
| Office equipment (Note 5) | 295,700 | 266,700 |
| | <u>\$142,992,500</u> | <u>\$145,256,900</u> |
| LIABILITIES AND ACCUMULATED DEFICIT | | |
| Accounts payable and accrued expenses | \$ 1,734,400 | \$ 2,065,100 |
| Bank guarantees called | 2,415,000 | 2,635,000 |
| Promissory note (Note 6) | 4,100,000 | — |
| Long term debt (Note 7) | <u>155,600,000</u> | <u>162,400,000</u> |
| | 163,849,400 | 167,100,100 |
| Accumulated deficit (Note 8) | <u>(20,856,900)</u> | <u>(21,843,200)</u> |
| | <u>\$142,992,500</u> | <u>\$145,256,900</u> |

The accompanying notes are part
of these financial statements.

ALBERTA OPPORTUNITY COMPANY
STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|---------------------|-----------------------|
| Income: | | |
| Interest revenue | \$15,925,900 | \$17,742,400 |
| Guarantee fees | 15,300 | 20,900 |
| Grant from the Province of Alberta (Note 8) | <u>11,834,300</u> | <u>8,020,900</u> |
| | <u>27,775,500</u> | <u>25,784,200</u> |
| Expenses: | | |
| Interest expense | 16,992,400 | 19,043,100 |
| Staff - Schedule 1 | 3,968,900 | 3,941,800 |
| Other manpower - Schedule 2 | 824,200 | 742,700 |
| Communications - Schedule 3 | 590,900 | 554,300 |
| Other operating expenses - Schedule 4 | <u>835,300</u> | <u>887,400</u> |
| | <u>23,211,700</u> | <u>25,169,300</u> |
| Income before the undernoted: | 4,563,800 | 614,900 |
| Income (loss) on disposal of inventory financed | — | 151,100 |
| Income (loss) on property held for sale (Note 9) | (660,000) | (708,900) |
| Provision for doubtful accounts (Note 4) | (5,050,700) | (5,181,100) |
| Bad debt recoveries | <u>533,200</u> | <u>621,500</u> |
| Net loss for the year | <u>\$ (613,700)</u> | <u>\$ (4,502,500)</u> |

ALBERTA OPPORTUNITY COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---------------------------------|---------------------|---------------------|
| Cash provided by (used for): | | |
| Operations | | |
| Net loss for the year | \$ (613,700) | \$ (4,502,500) |
| Non-cash items: | | |
| Provision for doubtful accounts | 5,050,700 | 5,181,100 |
| Other | 591,700 | 939,400 |
| Loans receivable | | |
| Disbursed | (29,571,100) | (24,333,900) |
| Repaid | 25,702,500 | 28,049,400 |
| Property held for sale | (318,300) | (2,726,400) |
| Other | <u>(792,600)</u> | <u>(56,600)</u> |
| | <u>49,200</u> | <u>2,550,500</u> |
| Financing | | |
| Promissory notes | 4,100,000 | — |
| Long term debt issued | 33,000,000 | 34,000,000 |
| Long term debt repaid | (39,800,000) | (38,800,000) |
| Grant from Province of Alberta | <u>1,600,000</u> | <u>1,600,000</u> |
| | <u>(1,100,000)</u> | <u>(3,200,000)</u> |
| Decrease during the year | (1,050,800) | (649,500) |
| Cash at beginning of year | <u>5,344,200</u> | <u>5,993,700</u> |
| Cash at end of year | <u>\$ 4,293,400</u> | <u>\$ 5,344,200</u> |

ALBERTA OPPORTUNITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Opportunity Company operates under the authority of the Alberta Opportunity Fund Act, Chapter A-34, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant accounting policies

Property held for sale:

Property held for sale by the Company is valued at the lower of cost or net realizable value.

Allowance for doubtful accounts:

The provision for doubtful accounts is determined following a detailed review of the accounts and is based on the Company's historical experience.

Office equipment:

Equipment owned by the Company is valued at cost less accumulated depreciation. Depreciation is calculated on a straight line basis at rates of 15% and 20% per annum.

Leasehold improvements are valued at cost less accumulated amortization. Amortization is calculated over the remaining term of each lease.

Note 3 Property held for sale

| | 1987 | 1986 |
|--|--------------------|--------------------|
| Cost | \$8,641,200 | \$8,322,900 |
| Less: Allowance for reduction in property values | <u>3,058,500</u> | <u>2,571,300</u> |
| | <u>\$5,582,700</u> | <u>\$5,751,600</u> |

Note 4 Loans receivable

| | 1987 | 1986 |
|---------------------------------------|----------------------|----------------------|
| Loans and accrued interest receivable | \$147,437,200 | \$147,928,800 |
| Less: Allowance for doubtful accounts | <u>14,743,700</u> | <u>14,053,200</u> |
| | <u>\$132,693,500</u> | <u>\$133,875,600</u> |

The details of the allowance for doubtful accounts are as follows:

| | 1987 | 1986 |
|----------------------------|---------------------|---------------------|
| Balance, beginning of year | \$14,053,200 | \$17,646,000 |
| Provision | 5,050,700 | 5,181,100 |
| Accounts written off | <u>(4,360,200)</u> | <u>(8,773,900)</u> |
| Balance, end of year | <u>\$14,743,700</u> | <u>\$14,053,200</u> |

Note 5 Office equipment

| | 1987 | 1986 |
|--------------------------------|------------------|------------------|
| Equipment | \$578,500 | \$450,600 |
| Less: Accumulated depreciation | <u>318,600</u> | <u>236,200</u> |
| | <u>259,900</u> | <u>214,400</u> |
| Leasehold improvements | 150,500 | 144,900 |
| Less: Accumulated amortization | <u>114,700</u> | <u>92,600</u> |
| | <u>35,800</u> | <u>52,300</u> |
| | <u>\$295,700</u> | <u>\$266,700</u> |

Note 6 Promissory note

A 7% discounted promissory note due on June 29, 1987 in the amount of \$4,100,000 was issued to the Province of Alberta. The discount amount of \$69,600 is included in deferred charges and accounts receivable.

Note 7 Long term debt

The following debenture debt series comprise debentures issued in varying amounts, rates of interest and maturity dates to the Province of Alberta and held by the Alberta Heritage Savings Trust Fund:

| | Issued | Interest Rates | Maturity Dates | Balance Outstanding |
|----------|----------------------|----------------|--------------------------------------|----------------------|
| Series A | \$ 50,000,000 | 9.90% | March 31, 1989 | \$ 50,000,000 |
| Series B | 9,000,000 | 15.89 | June 15, 1987 | 1,800,000 |
| Series C | 185,000,000 | 8.06 to 13.50% | September 30, 1987 to March 31, 1992 | 103,800,000 |
| | <u>\$244,000,000</u> | | | <u>\$155,600,000</u> |

Principal repayments are scheduled as follows:

| | |
|----------------------------|----------------------|
| Year ending March 31, 1988 | \$ 38,800,000 |
| 1989 | 76,400,000 |
| 1990 | 20,400,000 |
| 1991 | 13,400,000 |
| 1992 | 6,600,000 |
| | <u>\$155,600,000</u> |

Note 8 Accumulated deficit

| | 1987 | 1986 |
|------------------------------------|-----------------------|-----------------------|
| Balance, beginning of year | \$(21,843,200) | \$(18,940,700) |
| Grant from the Province of Alberta | 1,600,000 | 1,600,000 |
| Net loss for the year | (613,700) | (4,502,500) |
| Balance, end of year | <u>\$(20,856,900)</u> | <u>\$(21,843,200)</u> |

The Province of Alberta provides financing designed to eliminate the deficit balance existing at March 31, 1983 of approximately \$8,000,000 by way of providing an annual grant of \$1,600,000 in each of the five years ending March 31, 1988.

The agreement also provides for additional financing by way of an annual grant to the Company for the assistance of small business. For the year ended March 31, 1987 \$11,834,300 (\$8,020,900 - 1986) was provided for this purpose.

Note 9 Income (loss) on property held for sale

| | 1987 | 1986 |
|--|---------------------|---------------------|
| Provision for reduction in property values | \$ (487,200) | \$ (810,300) |
| Disposals: | | |
| Gains | 57,600 | 236,300 |
| Losses | (190,500) | (96,700) |
| | <u>(132,900)</u> | <u>139,600</u> |
| Rental: | | |
| Income | 1,118,500 | 1,152,100 |
| Expenses | (1,158,400) | (1,190,300) |
| | <u>(39,900)</u> | <u>(38,200)</u> |
| | <u>\$ (660,000)</u> | <u>\$ (708,900)</u> |

Note 10 Contingent liabilities

Guarantees of bank loans:

The Company is contingently liable as a guarantor of bank loans aggregating \$815,000 (\$1,490,000 - 1986).

Legal actions:

There are 53 claims totalling approximately \$29,350,000 (26 claims totalling approximately \$6,400,000 - 1986) against the Company and/or its various agents. The Company considers that a valid defense exists in each instance and no material loss is anticipated.

Note 11 Commitments

Authorizations undistributed:

| | 1987 | 1986 |
|---------------------|---------------------|--------------------|
| Loans | \$10,969,300 | \$8,034,200 |
| Guarantees | 210,000 | 195,000 |
| Venture investments | 500,000 | — |
| | <u>\$11,679,300</u> | <u>\$8,229,200</u> |

Note 12 Comparative figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 13 Financial statement review

These financial statements, which have been prepared by the Company, have been reviewed by both the management of the Company and the Audit and Budget Committee of the Board and their acceptance by the Board of Directors was recommended.

ALBERTA OPPORTUNITY COMPANY
SCHEDULES OF EXPENSES
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|-------------------------------|--------------------|--------------------|
| Schedule 1 | | |
| Staff: | | |
| Salaries and wages | \$3,540,000 | \$3,496,700 |
| Pension plans | 253,400 | 231,200 |
| Unemployment insurance | 71,600 | 66,000 |
| Medical and group insurance | 90,200 | 86,400 |
| Workers' Compensation Board | 2,600 | 8,400 |
| Educational assistance | 2,900 | 2,600 |
| Recruitment | 4,000 | 500 |
| Relocation | 4,200 | 50,000 |
| | <u>\$3,968,900</u> | <u>\$3,941,800</u> |
| Schedule 2 | | |
| Other manpower: | | |
| Board of Directors fees | \$ 155,000 | \$ 136,300 |
| Legal | 600,800 | 577,700 |
| Consultants | 63,200 | 24,700 |
| Credit reporting agencies | 5,200 | 4,000 |
| | <u>\$ 824,200</u> | <u>\$ 742,700</u> |
| Schedule 3 | | |
| Communications: | | |
| Telephone | \$ 43,100 | \$ 41,100 |
| Mail | 23,600 | 23,200 |
| Travel | 267,800 | 254,700 |
| Advertising | 256,400 | 235,300 |
| | <u>\$ 590,900</u> | <u>\$ 554,300</u> |
| Schedule 4 | | |
| Other operating expenses: | | |
| Occupancy | \$ 399,400 | \$ 443,200 |
| Data processing | 56,400 | 64,000 |
| Office supplies and services | 85,900 | 72,900 |
| Vehicle and equipment | 109,200 | 120,200 |
| Fees and subscriptions | 49,200 | 35,200 |
| Depreciation and amortization | 105,300 | 129,100 |
| Insurance | 29,300 | 22,200 |
| Miscellaneous | 600 | 600 |
| | <u>\$ 835,300</u> | <u>\$ 887,400</u> |

ALBERTA OIL SANDS TECHNOLOGY AND RESEARCH AUTHORITY
OIL SANDS TECHNOLOGY AND RESEARCH FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Fund Balance
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the Alberta Oil
Sands Technology and Research Authority

I have examined the balance sheet of the Alberta Oil Sands Technology and Research Authority - Oil Sands Technology and Research Fund as at March 31, 1987 and the statement of revenue, expenditure and fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
June 23, 1987

ALBERTA OIL SANDS TECHNOLOGY AND RESEARCH AUTHORITY
OIL SANDS TECHNOLOGY AND RESEARCH FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|-------------------------------|---------------------|---------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$16,058,465 | \$11,692,706 |
| Deposits in trust (Note 3) | — | 1,657,694 |
| Deposits on projects (Note 4) | 1,703,743 | 487,062 |
| Accounts receivable | 2,444,794 | 3,572,192 |
| Prepaid expense | 2,111 | 6,052 |
| | <u>\$20,209,113</u> | <u>\$17,415,706</u> |
| LIABILITIES AND FUND BALANCE | | |
| Current: | | |
| Accounts payable | \$20,835,267 | \$ 9,505,160 |
| Holdbacks payable | 1,100,624 | 1,772,912 |
| | <u>21,935,891</u> | <u>11,278,072</u> |
| Fund balance (deficit) | (1,726,778) | 6,137,634 |
| | <u>\$20,209,113</u> | <u>\$17,415,706</u> |

The accompanying notes are part
of these financial statements.

ALBERTA OIL SANDS TECHNOLOGY AND RESEARCH AUTHORITY
OIL SANDS TECHNOLOGY AND RESEARCH FUND
STATEMENT OF REVENUE, EXPENDITURE AND FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|----------------------|---------------------|
| Revenue: | | |
| Contributions by the Province of Alberta: | | |
| Alberta Heritage Savings Trust Fund | | |
| (Note 5) | \$31,400,000 | \$50,000,000 |
| General Revenue Fund | 34,700,000 | — |
| Technology sales | 1,227,125 | 2,156,404 |
| | <u>67,327,125</u> | <u>52,156,404</u> |
| Expenditure: | | |
| In situ oil sands, net | 25,082,211 | 8,945,980 |
| Underground access | 11,248,413 | 15,691,395 |
| Institutional research | 10,486,394 | 10,289,985 |
| Bitumen upgrading | 9,911,582 | 4,651,643 |
| Heavy oil, net | 7,959,139 | 855,847 |
| Mining and extraction | 5,037,965 | 4,081,375 |
| Carbonate trend | 2,860,813 | 2,542,242 |
| Enhanced recovery | 1,306,250 | 741,141 |
| Technology handling | 559,102 | 693,749 |
| Authority costs | 448,223 | 471,612 |
| Training activities, net | 219,758 | 270,129 |
| International activities | 71,687 | 109,690 |
| | <u>75,191,537</u> | <u>49,344,788</u> |
| Excess (deficiency) of revenue over expenditure for the year | (7,864,412) | 2,811,616 |
| Fund balance at beginning of year | 6,137,634 | 3,326,018 |
| Fund balance (deficit) at end of year | <u>\$(1,726,778)</u> | <u>\$ 6,137,634</u> |

ALBERTA OIL SANDS TECHNOLOGY AND RESEARCH AUTHORITY
OIL SANDS TECHNOLOGY AND RESEARCH FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Oil Sands Technology and Research Authority operates under the authority of the Oil Sands Technology and Research Authority Act, Chapter 0-6, Revised Statutes of Alberta 1980.

These financial statements disclose receipts of \$34,700,000 as a contribution from the Province of Alberta, General Revenue Fund. There appears to be no express authority in the Oil Sands Technology and Research Authority Act which allows the Authority to accept contributions from this source.

Note 2 Significant Accounting Policies and Reporting Practices

Expenditures from the Fund are not capitalized due to the intangible nature of assets that may accrue to the Authority. The Authority will be entitled to share in any assets remaining at the end of a project in proportion to its percentage of participation.

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Deposits in Trust

Deposits in trust consist of deposits in the General Trust Fund of the Province of Alberta.

Note 4 Deposits on Projects

The amount of \$1,703,743 (1986 \$487,062) shown on the balance sheet represents the excess of cash calls on projects over actual expenditures.

Note 5 Contributions by the Province of Alberta

The Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Act, 1986-87 provided for payments to the Authority to a maximum of \$31,400,000 for the year ended March 31, 1987 (1986 \$50,000,000).

Note 6 Administration Costs

The following costs incurred in the administration of the Authority have been borne by the General Revenue Fund and are not reflected in these financial statements.

| | <u>1987</u> | <u>1986</u> |
|-----------------------------------|--------------------|--------------------|
| Salaries and wages | \$2,249,489 | \$2,045,637 |
| Fees and commissions | 410,978 | 442,747 |
| Rental of property and equipment | 404,603 | 305,479 |
| Employee benefits | 290,388 | 234,929 |
| Travelling and hospitality | 235,158 | 237,341 |
| Materials and supplies | 49,051 | 129,180 |
| Staff relocation costs | 29,229 | 576 |
| Telephone and telegraph | 14,805 | 14,447 |
| Freight, express and postage | 14,263 | 8,754 |
| Furniture and equipment purchases | 12,345 | 15,830 |
| Equipment maintenance | 10,624 | 11,633 |
| Advertising | 4,123 | 11,855 |
| Grants | — | 4,262 |
| | <u>\$3,725,056</u> | <u>\$3,462,670</u> |

Note 7 Commitments

The Authority had outstanding commitments as at March 31, 1987 totalling \$60,448,633 (1986 \$72,011,025) for approved projects.

Note 8 Contingent Liabilities

The Authority is involved in a number of legal proceedings. Claims against the Authority in these proceedings, which have not been reflected in the financial statements, amount to approximately \$7,600,000. While the ultimate outcome of these proceedings cannot be determined at this time, it is the opinion of management that the disposition of these cases will have a minor effect on the financial position of the Authority.

Note 9 Recoverable Expenditures

The following amounts represent potential future recoveries:

| | |
|---|---------------------|
| Shell Canada Resources Limited | |
| PRISP Project | \$12,200,000 |
| Sale of 50% interest in PRISP Project | 12,200,000 |
| Norcen International - BODO Steam Pilot Project | 6,900,000 |
| Vikor Resources - Joffre Project | 3,300,000 |
| | <u>\$34,600,000</u> |

Recovery of these amounts is dependent on generation of sufficient revenue by the projects. Due to the uncertainty concerning the amount of revenue which may ultimately be generated, these amounts have not been included as a receivable in these financial statements.

Note 10 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 11 Approval of Financial Statements

These financial statements were approved by management.

ALBERTA PETROLEUM MARKETING COMMISSION
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure - Operating Fund
Statement of Operations - Petroleum Marketing Fund
Statement of Revenue and Expenditure - Ethane Feedstock Price
Equalization Program
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the
Alberta Petroleum Marketing Commission

I have examined the balance sheet of the Alberta Petroleum Marketing Commission as at December 31, 1986 and the statements of revenue and expenditure for the Operating Fund and the Ethane Feedstock Price Equalization Program and the statement of operations for the Petroleum Marketing Fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1986 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
April 24, 1987

C.A.
Auditor General

ALBERTA PETROLEUM MARKETING COMMISSION
BALANCE SHEET
AS AT DECEMBER 31, 1986

| | 1986 | 1985 |
|---|----------------------|----------------------|
| ASSETS | | |
| OPERATING FUND | | |
| Current | | |
| Cash and short-term deposits | \$ 8,348,671 | \$ 7,199,478 |
| Accounts receivable | 667,072 | 794,717 |
| | <u>9,015,743</u> | <u>7,994,195</u> |
| Furniture, equipment and leasehold improvements, at cost (Note 4) | 3,565,534 | 3,433,587 |
| | <u>12,581,277</u> | <u>11,427,782</u> |
| PETROLEUM MARKETING FUND | | |
| Current | | |
| Cash and short-term deposits | 38,383,783 | 62,607,670 |
| Accounts receivable | 114,287,420 | 359,850,397 |
| | <u>152,671,203</u> | <u>422,458,067</u> |
| ETHANE FEEDSTOCK PRICE EQUALIZATION PROGRAM (Note 5) | | |
| Current | | |
| Cash and short-term deposits | — | 4,751,645 |
| Accounts receivable - sales | — | 15,077,454 |
| Receivable from the Province of Alberta | — | 10,225,752 |
| | <u>—</u> | <u>30,054,851</u> |
| | <u>\$165,252,480</u> | <u>\$463,940,700</u> |
| LIABILITIES | | |
| OPERATING FUND | | |
| Current | | |
| Accounts payable | \$ 439,048 | \$ 1,855,419 |
| Payable to the Province of Alberta | 6,667,445 | 4,483,526 |
| Deferred contributions (Note 2) | 1,909,250 | 1,655,250 |
| | <u>9,015,743</u> | <u>7,994,195</u> |
| Equity in fixed assets (Note 2) | 3,565,534 | 3,433,587 |
| | <u>12,581,277</u> | <u>11,427,782</u> |
| PETROLEUM MARKETING FUND | | |
| Current | | |
| Accounts payable | 54,430,571 | 113,948,870 |
| Crown royalty payable | 98,240,632 | 308,509,197 |
| | <u>152,671,203</u> | <u>422,458,067</u> |
| ETHANE FEEDSTOCK PRICE EQUALIZATION PROGRAM | | |
| Current | | |
| Accounts payable - purchases | — | 20,054,851 |
| Accountable advance from the Province of Alberta | — | 10,000,000 |
| | <u>—</u> | <u>30,054,851</u> |
| | <u>\$165,252,480</u> | <u>\$463,940,700</u> |

The accompanying notes are part of these financial statements.

ALBERTA PETROLEUM MARKETING COMMISSION
STATEMENT OF REVENUE AND EXPENDITURE
OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|------------------|------------------|
| Revenue | | |
| Interest | \$3,423,404 | \$3,085,343 |
| Crude oil marketing fees (Note 6) | <u>4,035,208</u> | <u>2,859,622</u> |
| | <u>7,458,612</u> | <u>5,944,965</u> |
| Expenditure | | |
| Salaries and employee benefits | 4,909,730 | 4,356,489 |
| Rental of premises (Note 8) | 1,159,876 | 1,057,024 |
| Technical studies | 500,373 | 536,013 |
| Travel | 243,843 | 215,135 |
| Computer services | 230,044 | 226,192 |
| Furniture and equipment | 147,045 | 999,842 |
| Printing and office supplies | 128,233 | 119,831 |
| Publications and periodicals | 68,050 | 52,240 |
| Personnel recruitment | 59,054 | 131,622 |
| Rental of office equipment | 57,613 | 49,825 |
| Telephone | 35,609 | 28,799 |
| Leasehold improvements | 34,416 | 170,452 |
| Postage and freight | 27,663 | 39,649 |
| Building and equipment maintenance | 15,320 | 11,201 |
| Insurance | 6,834 | 3,447 |
| Bank charges | 6,720 | — |
| Advertising | 5,802 | 22,081 |
| Miscellaneous | 13,193 | 12,120 |
| | <u>7,649,418</u> | <u>8,031,962</u> |
| Excess of expenditure over revenue | 190,806 | 2,086,997 |
| Contributions from the Province of Alberta | 190,806 | 2,086,997 |
| | <u>\$ —</u> | <u>\$ —</u> |

ALBERTA PETROLEUM MARKETING COMMISSION
STATEMENT OF OPERATIONS
PETROLEUM MARKETING FUND
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|---|------------------------|------------------------|
| Revenue: (Note 6) | | |
| Sale of crude oil | \$1,680,003,230 | \$7,319,676,307 |
| New oil reference price supplement (Note 7) | 286,199 | 864,684,166 |
| Special old oil price supplement (Note 7) | — | 755,249 |
| | <u>1,680,289,429</u> | <u>8,185,115,722</u> |
| Expenditure: (Note 6) | | |
| Transportation | 61,694,901 | 108,694,530 |
| Purchases: | | |
| Contract and other | 540,012,230 | 1,609,162,619 |
| Crown lessees | — | 3,336,912,090 |
| | <u>601,707,131</u> | <u>5,054,769,239</u> |
| Royalty share remitted to the Province of Alberta | <u>\$1,078,582,298</u> | <u>\$3,130,346,483</u> |

ALBERTA PETROLEUM MARKETING COMMISSION
STATEMENT OF REVENUE AND EXPENDITURE
ETHANE FEEDSTOCK PRICE EQUALIZATION PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|--------------------|--------------------|
| Revenue | | |
| Sale of natural gas | \$ 81,002,488 | \$188,200,606 |
| Expenditure | | |
| Purchases of natural gas | <u>108,390,129</u> | <u>240,017,503</u> |
| Excess of expenditure over revenue | 27,387,641 | 51,816,897 |
| Contributions from the Province of Alberta | <u>27,387,641</u> | <u>51,816,897</u> |
| | <u>\$ —</u> | <u>\$ —</u> |

ALBERTA PETROLEUM MARKETING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Alberta Petroleum Marketing Commission operates under the authority of the Petroleum Marketing Act, Chapter P-5, Revised Statutes of Alberta 1980, as amended, and the Natural Gas Marketing Act, Chapter N-2.8, Statutes of Alberta 1986, which was proclaimed in force on October 30, 1986. These financial statements disclose financial transactions undertaken by the Commission on behalf of the Minister of Energy, related to the Ethane Feedstock Price Equalization Program (Note 5). The principal elements of the Program were contained in two agreements to which the Crown, but not the Commission, was a party. The Commission performed administrative functions under the agreements on behalf of the Crown. There appears to be no express authority in the Alberta statutes for the Commission to have performed its administrative functions under the agreements, and the Commission relied on the provisions of the agreements as its authority for that purpose.

Note 2 Significant Accounting Policies

General

These financial statements have been prepared in accordance with generally accepted accounting principles, with the following exceptions:

- (a) Purchases of furniture, equipment and leasehold improvements are charged to operating fund expenditure in the year of acquisition. However, the balance sheet states the cumulative amount of such expenditures in respect of all fixed assets presently owned with the offsetting credit to equity in fixed assets.
- (b) Assets and liabilities in foreign currencies have been translated into Canadian dollars at forward exchange contract rates or, where not covered by forward exchange contracts, at the rate of exchange in effect at the balance sheet date.

Deferred Contributions

The portion of contributions received from the Province of Alberta to cover operating costs for the period January 1, 1987 to March 31, 1987 has been deferred. Contributions by the Province are based on a yearly budget for the period April 1 to March 31.

Operating Fund Expenditure

The Natural Gas Pricing Agreement Act Fund and Natural Gas Pricing Agreement Market Development Fund were administered by the Commission pursuant to the Natural Gas Pricing Agreement Act. The Take-or-pay Costs Sharing Fund, which came into effect November 1, 1986, is administered pursuant to the Take-or-pay Costs Sharing Act. The expenditure related to the administration of these Funds is reflected in the Statement of Revenue and Expenditure - Operating Fund.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Change in Reporting Practice

Syncrude Marketing Activities

The Commission's activities related to the marketing of synthetic crude oil from the Syncrude Project are now recorded in the Balance Sheet and Statement of Operations of the Petroleum Marketing Fund. Revenue for 1986 was \$162,802,526 (1985 \$386,362,458).

Note 4 Furniture, Equipment and Leasehold Improvements

Changes in furniture, equipment and leasehold improvements were as follows:

| | Balance Dec. 31, 1985 | Additions | Disposals | Balance Dec. 31, 1986 |
|-------------------------|--------------------------|-------------------|-----------------|--------------------------|
| Furniture and equipment | \$2,646,956 | \$ 154,284 | \$56,753 | \$2,744,487 |
| Leasehold improvements | 786,631 | 34,416 | — | 821,047 |
| | <u>\$3,433,587</u> | <u>\$ 188,700</u> | <u>\$56,753</u> | <u>\$3,565,534</u> |

Note 5 Ethane Feedstock Price Equalization Program

The Commission, on behalf of the Province of Alberta, conducted buy-sell transactions to ensure that producers of ethane by-products had access to natural gas feedstock at a price equal to the average price for intra-Alberta industrial gas. This program commenced in April, 1985 and applied to transactions from November 1, 1984 to June 30, 1986, at which time the program was terminated. Funding for this program was provided by the Province of Alberta, Department of Energy.

Note 6 Deregulation

Pursuant to the Energy Pricing and Taxation Understanding entered into by the governments of Alberta and Canada on March 27, 1985, the Commission's activities changed effective June 1, 1985. Although still responsible for marketing Crown royalty oil, the Commission ceased to act as the exclusive agent for marketing of the Crown lessees' share and became a competitor with other buyers and sellers of petroleum.

Revenue and Expenditure - Operating Fund

Crude Oil Marketing Fees

The 1985 comparative figure reflects fees earned as agents of Crown lessees for the seven month period following deregulation.

Operations - Petroleum Marketing Fund

The 1985 comparative figures in the Statement of Operations of the Petroleum Marketing Fund reflect transactions related to deliveries prior to and under deregulation as follows:

| | May 1985 and Prior Deliveries | June 1985 to December 1985 Deliveries | Total |
|--|-------------------------------------|---|------------------------|
| Revenue: | | | |
| Sales | \$4,796,261,530 | \$2,523,414,777 | \$7,319,676,307 |
| NORP supplement | 864,684,166 | — | 864,684,166 |
| SOOP supplement | 755,249 | — | 755,249 |
| | <u>5,661,700,945</u> | <u>2,523,414,777</u> | <u>8,185,115,722</u> |
| Expenditure: | | | |
| Transportation | 74,810,146 | 33,884,384 | 108,694,530 |
| Purchases | | | |
| Contract and other | 890,213,704 | 718,948,915 | 1,609,162,619 |
| Crown lessees | <u>3,336,912,090</u> | <u>—</u> | <u>3,336,912,090</u> |
| | <u>4,301,935,940</u> | <u>752,833,299</u> | <u>5,054,769,239</u> |
| Royalty share remitted to the Province of Alberta | <u>\$1,359,765,005</u> | <u>\$1,770,581,478</u> | <u>\$3,130,346,483</u> |

Note 7 New Oil Reference/Special Old Oil Price Supplements

New Oil Reference Price Supplement Payments

Effective January 1, 1982, pursuant to the Canada-Alberta agreement on energy pricing dated September 1, 1981, oil discovered after December 31, 1980 became eligible for the New Oil Reference Price (NORP). NORP supplement payments were received from the federal government for the difference between the established NORP price and the field price for conventional old oil. The NORP supplement payments were extended to cover pentanes plus and bitumen effective April 1, 1982. With the advent of the Energy Pricing and Taxation Understanding, the NORP program was discontinued May 31, 1985 and crude oil prices deregulated. NORP supplements received during the current year are adjustments relating to previous years' deliveries.

Special Old Oil Price Supplement Payments

Effective July 1, 1982, pursuant to The National Energy Program Update of May 1982, oil discovered from April 1, 1974 to December 31, 1980 became eligible for the Special Old Oil Price (SOOP). SOOP supplement payments were received from the federal government for the difference between the established SOOP price and the field price for conventional old oil. This category became eligible for NORP prices, effective July 1, 1983. SOOP supplements received during 1985 were adjustments relating to the period ended June 30, 1983.

Note 8 Commitment

Effective December 1, 1981, the Commission signed a fifteen year lease for office accommodation at a minimum annual rental of \$692,360 plus occupancy costs.

Note 9 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to the 1986 presentation.

Note 10 Approval of Financial Statements

These financial statements were approved by the Commission.

NATURAL GAS PRICING AGREEMENT ACT FUND
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Fund Balance
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the
Alberta Petroleum Marketing Commission

I have examined the balance sheet of the Natural Gas Pricing Agreement Act Fund as at December 31, 1986 and the statement of revenue, expenditure and fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1986 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C. A.
Auditor General

Edmonton, Alberta
April 24, 1987

NATURAL GAS PRICING AGREEMENT ACT FUND
BALANCE SHEET
AS AT DECEMBER 31, 1986

| | 1986 | 1985 |
|--|---------------------|----------------------|
| ASSETS | | |
| Current | | |
| Cash and short-term deposits | \$14,354,890 | \$105,469,665 |
| Accounts receivable | <u>202,950</u> | <u>49,313,853</u> |
| | <u>\$14,557,840</u> | <u>\$154,783,518</u> |
| LIABILITIES AND FUND BALANCE | | |
| Current | | |
| Price adjustments payable | \$ 27,821 | \$ 14,569,360 |
| Market development incentive payable | — | 58,414,158 |
| Export differential refund payable | <u>3,166,246</u> | <u>—</u> |
| | 3,194,067 | 72,983,518 |
| Reserve for market development incentive payments (Note 4) | — | 81,800,000 |
| Fund balance (Note 5) | <u>11,363,773</u> | <u>—</u> |
| | <u>\$14,557,840</u> | <u>\$154,783,518</u> |

The accompanying notes are part
of these financial statements.

NATURAL GAS PRICING AGREEMENT ACT FUND
STATEMENT OF REVENUE, EXPENDITURE AND FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1986

| | 1986 | 1985 |
|---|----------------------|----------------------|
| Revenue | | |
| Export differential | | |
| Natural gas sales | \$4,178,143,188 | \$6,737,395,701 |
| Cost of gas sold | <u>4,065,981,105</u> | <u>6,039,098,906</u> |
| | 112,162,083 | 698,296,795 |
| Interest | <u>7,374,379</u> | <u>4,564,890</u> |
| | <u>119,536,462</u> | <u>702,861,685</u> |
| Expenditure | | |
| Price adjustments | 60,309,063 | 457,787,614 |
| Market development incentive payments (Note 3) | 129,663,626 | 157,946,959 |
| Transfer to Natural Gas Pricing Agreement | | |
| Market Development Fund (Note 3) | <u>—</u> | <u>5,327,112</u> |
| | <u>189,972,689</u> | <u>621,061,685</u> |
| Excess (deficiency) of revenue over expenditure | (70,436,227) | 81,800,000 |
| Transfer from (to) reserve for market development | | |
| incentive payments | <u>81,800,000</u> | <u>(81,800,000)</u> |
| Fund balance | <u>\$ 11,363,773</u> | <u>\$ —</u> |

NATURAL GAS PRICING AGREEMENT ACT FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Natural Gas Pricing Agreement Act Fund was established by the Natural Gas Pricing Agreement Act, Chapter N-4, Revised Statutes of Alberta 1980, as amended.

Pursuant to the Western Accord and the Canada-Alberta agreement on gas pricing, the Commission ceased the purchasing and selling of natural gas and the distribution of export differential with respect to any gas delivered after October 31, 1986.

Note 2 Significant Accounting Policies

Administration Costs

In accordance with the Natural Gas Pricing Agreement Act, the Fund is administered by the Alberta Petroleum Marketing Commission. Costs of administration are reflected in the Commission's Statement of Revenue and Expenditure - Operating Fund.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Market Development Incentive Payments

In accordance with the Canada-Alberta agreement on gas pricing of November 1981 as amended, payments were made to the Government of Canada for the period November 1, 1981 to April 30, 1986 to facilitate the expansion of markets for Alberta-produced gas in provinces east of Alberta. Amendments to the agreement required that additional amounts be paid to the Government of Canada for the purpose of making transportation assistance payments. These additional payments served to maintain tolls charged by TransCanada PipeLines Limited for the period November 1, 1985 to October 31, 1986 at 1984-85 levels.

Under the terms of the agreement, payments to the Government of Canada were limited to \$75,000,000 for the year ended April 30, 1985, and to \$160,000,000 for the 15 month period ended April 30, 1986. However, the Natural Gas Pricing Agreement Act provided that any amount in excess of the limitations, which would otherwise have been paid to the Government of Canada, was available to be transferred to the Natural Gas Pricing Agreement Market Development Fund. In 1985, an amount of \$5,327,112 was transferred in accordance with this provision.

Market development incentive payments were as follows:

| | 1986 | 1985 |
|---------------------------|----------------------|----------------------|
| Transportation assistance | \$ 96,697,034 | \$ 20,253,522 |
| Expansion of markets | <u>32,966,592</u> | <u>137,693,437</u> |
| | <u>\$129,663,626</u> | <u>\$157,946,959</u> |

Note 4 Reserve for Market Development Incentive Payments

The reserve for market development incentive payments represented an appropriation of funds to meet future obligations under the market development incentive payment programs outlined in Note 3 above.

Note 5 Fund Balance

Upon the completion of audits, any remaining Fund balance will be distributed, based on October 1986 deliveries.

Note 6 Comparative Figures

Inasmuch as the Fund ceased collection and distribution of export differential with respect to gas delivered after October 31, 1986, current year figures include only ten delivery months.

Note 7 Approval of Financial Statements

These financial statements were approved by the Commission.

NATURAL GAS PRICING AGREEMENT MARKET DEVELOPMENT FUND
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Statement of Receipts, Payments and Fund Balance
Notes to the Financial Statement

AUDITOR'S REPORT

To the Members of the
Alberta Petroleum Marketing Commission

I have examined the statement of receipts, payments and fund balance of the Natural Gas Pricing Agreement Market Development Fund for the year ended December 31, 1986. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the balance of the Fund as at December 31, 1986 and the receipts collected and payments made for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statement applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
April 24, 1987

NATURAL GAS PRICING AGREEMENT MARKET DEVELOPMENT FUND
STATEMENT OF RECEIPTS, PAYMENTS AND FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|---|---------------------|---------------------|
| Receipts | | |
| Market development levies | \$ 28,067,585 | \$57,857,086 |
| Transfer from Natural Gas Pricing Agreement Act Fund (Note 3) | — | 5,327,112 |
| Interest | <u>1,119,087</u> | <u>1,412,683</u> |
| | <u>29,186,672</u> | <u>64,596,881</u> |
| Payments | | |
| Retention incentives | 24,315,823 | 28,810,437 |
| Development incentives | <u>21,157,829</u> | <u>24,510,180</u> |
| | <u>45,473,652</u> | <u>53,320,617</u> |
| Excess (deficiency) of receipts over payments | (16,286,980) | 11,276,264 |
| Fund balance, beginning of year | <u>18,416,976</u> | <u>7,140,712</u> |
| Fund balance, end of year (Note 4) | <u>\$ 2,129,996</u> | <u>\$18,416,976</u> |

The accompanying notes are part
of this financial statement.

NATURAL GAS PRICING AGREEMENT MARKET DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1986

Note 1 Authority

The Natural Gas Pricing Agreement Market Development Fund was established by the Natural Gas Pricing Agreement Act, Chapter N-4, Revised Statutes of Alberta 1980, as amended.

Pursuant to the Western Accord, the Natural Gas Markets Incentive Plan, which provided incentives for retention and development of natural gas markets in provinces east of Alberta, ended April 30, 1986.

Note 2 Significant Accounting Policies

General

The Fund's financial statement, since inception, has been prepared on a cash basis. Upon the completion of audits of the contributors, the remaining Fund balance will be refunded thereto.

Reliance on Distributor Submissions

In accordance with the Natural Gas Pricing Agreement Act, the Commission entered into agreements with natural gas distributors in Manitoba, Ontario and Quebec for the purpose of providing incentives for the retention and development of natural gas markets by those distributors. The incentives were provided in respect of gas delivered in a plan year in excess of established base quantities.

The agreements provided for retention and development incentive payments by the Commission to distributors, who in turn passed these payments on to their customers, based on natural gas consumption at eligible facilities. In accordance with these agreements, the Commission relied on certified submissions received from distributors as the basis for payments made from the Fund. Further, the agreements required that a compliance report be prepared by the distributors' auditors and be provided to the Commission within six months following the end of each plan year.

Administration Costs

In accordance with the Natural Gas Pricing Agreement Act, the Fund is administered by the Alberta Petroleum Marketing Commission. Costs of administration are reflected in the Commission's Statement of Revenue and Expenditure - Operating Fund.

Note 3 Transfer from Natural Gas Pricing Agreement Act Fund

Under the terms of the Natural Gas Pricing Agreement Act, when a limitation on the amount of market development incentive payments was in effect, any amount in excess of the limitation which would otherwise have been paid to the Government of Canada, was available to be transferred from the Natural Gas Pricing Agreement Act Fund to the Natural Gas Pricing Agreement Market Development Fund. The amount of \$5,327,112 represents the transfer for the year ended April 30, 1985.

Note 4 Fund Balance

The Fund balance is represented by cash and short-term deposits.

Note 5 Comparative Figures

Inasmuch as the Plan ended April 30, 1986, current year figures include only four delivery months.

Note 6 Approval of Financial Statement

This financial statement was approved by the Commission.

TAKE-OR-PAY COSTS SHARING FUND
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the
Alberta Petroleum Marketing Commission

I have examined the balance sheet of the Take-or-pay Costs Sharing Fund as at December 31, 1986 and the statement of revenue and expenditure for the period then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1986 and the results of its operations for the period then ended in accordance with generally accepted accounting principles.



C.A.
Auditor General

Edmonton, Alberta
May 6, 1987

TAKE-OR-PAY COSTS SHARING FUND
BALANCE SHEET
AS AT DECEMBER 31, 1986

| | <u>1986</u> |
|---------------------------|---------------------|
| ASSETS | |
| Current | |
| Cash | \$ 515,178 |
| Accounts receivable | <u>18,551,379</u> |
| | <u>\$19,066,557</u> |
| LIABILITIES | |
| Current | |
| Accounts payable | \$ 6,481,386 |
| Deferred revenue (Note 3) | <u>12,585,171</u> |
| | <u>\$19,066,557</u> |

The accompanying notes are part
of these financial statements.

TAKE-OR-PAY COSTS SHARING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE TWO MONTHS ENDED DECEMBER 31, 1986

| | <u>1986</u> |
|------------------------------------|-------------------|
| Revenue | |
| Take-or-pay levies | \$27,210,815 |
| Interest | <u>861</u> |
| | 27,211,676 |
| Expenditure | |
| Take-or-pay costs | <u>27,211,676</u> |
| Excess of revenue over expenditure | <u>\$ —</u> |

TAKE-OR-PAY COSTS SHARING FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Take-or-pay Costs Sharing Fund was established by the Take-or-pay Costs Sharing Act, Chapter T-O.1, Statutes of Alberta 1986, and came into operation November 1, 1986.

Note 2 Significant Accounting Policies

Administration Costs

In accordance with the Take-or-pay Costs Sharing Act, the Fund is administered by the Alberta Petroleum Marketing Commission. Costs of administration are reflected in the Commission's Statement of Revenue and Expenditure - Operating Fund.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Deferred Revenue

The deferred revenue represents the portion of December, 1986 levies which will be used to pay future take-or-pay costs.

Note 4 Comparative Figures

Inasmuch as this is the first reporting period of the Fund, no comparative figures have been provided.

Note 5 Approval of Financial Statements

These financial statements were approved by the Commission.

ALBERTA ENVIRONMENTAL RESEARCH TRUST
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and
Unexpended Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Board of Trustees of the
Alberta Environmental Research Trust

I have examined the balance sheet of the Alberta Environmental Research Trust as at December 31, 1986 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust as at December 31, 1986 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
February 25, 1987

ALBERTA ENVIRONMENTAL RESEARCH TRUST
BALANCE SHEET
AS AT DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|----------------------------|------------------|------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$213,220 | \$228,211 |
| Travel advance to employee | 500 | 500 |
| Prepaid insurance | 1,963 | 1,963 |
| | <u>\$215,683</u> | <u>\$230,674</u> |
| LIABILITIES | | |
| Current: | | |
| Research grants payable | \$ 24,240 | \$ 13,150 |
| Accounts payable | 3,291 | 3,550 |
| | <u>27,531</u> | <u>16,700</u> |
| Unexpended funds | 188,152 | 213,974 |
| | <u>\$215,683</u> | <u>\$230,674</u> |

The accompanying notes are part
of these financial statements.

ALBERTA ENVIRONMENTAL RESEARCH TRUST
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|------------------|------------------|
| REVENUE | | |
| Grants from the Province of Alberta: | | |
| Department of the Environment | \$340,000 | \$340,000 |
| Interest | 25,961 | 29,321 |
| Sale of reports | 420 | 330 |
| | <u>366,381</u> | <u>369,651</u> |
| EXPENDITURE | | |
| Research grants | 308,574 | 372,521 |
| Salaries and employee benefits | 48,367 | 48,045 |
| Printing and office supplies | 16,639 | 14,475 |
| Travel and entertainment | 10,007 | 7,236 |
| Conference assistance and awards | 5,500 | — |
| Honoraria | 1,810 | 2,160 |
| Miscellaneous | 1,306 | 1,139 |
| | <u>392,203</u> | <u>445,576</u> |
| Deficiency of revenue over expenditure | 25,822 | 75,925 |
| Unexpended funds at beginning of year | 213,974 | 289,899 |
| Unexpended funds at end of year | <u>\$188,152</u> | <u>\$213,974</u> |

ALBERTA ENVIRONMENTAL RESEARCH TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

- Note 1 Authority
The Alberta Environmental Research Trust operates under the authority of the Alberta Environmental Research Trust Act, Chapter A-20, Revised Statutes of Alberta 1980.
- Note 2 Changes in Financial Position
A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.
- Note 3 Administration Costs
Equipment, furniture and certain overhead costs incurred in the administration of the Trust have been borne by the General Revenue Fund and are not reflected in these financial statements.
- Note 4 Commitments
The Trust had commitments outstanding as at December 31, 1986 totalling \$198,380 (1985 \$209,605) for approved projects. Further commitments totalling \$184,654 were made in January 1987.
- Note 5 Approval of Financial Statements
These financial statements were approved by management.

ALBERTA SPECIAL WASTE MANAGEMENT CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Retained Earnings
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the
Alberta Special Waste Management Corporation

I have examined the balance sheet of the Alberta Special Waste Management Corporation as at March 31, 1987 and the statement of revenue, expenditure and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 31, 1987

ALBERTA SPECIAL WASTE MANAGEMENT CORPORATION
BALANCE SHEET
AS AT MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|--------------------------------------|-----------------|-----------------|
| ASSETS | | |
| Current: | | |
| Cash (Note 3) | \$11,661 | \$ 6,029 |
| Accounts receivable | 15 | 39 |
| Prepaid rent | — | 7 |
| | <u>11,676</u> | <u>6,075</u> |
| Investment in joint venture (Note 4) | 12,840 | 3,555 |
| Fixed (Note 5) | 4,746 | 4,039 |
| Other | — | 665 |
| | <u>\$29,262</u> | <u>\$14,334</u> |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Due to joint venture | \$ 740 | \$ 2,267 |
| Accounts payable | 98 | 575 |
| Holdbacks payable | — | 79 |
| Security deposits | 1,473 | 16 |
| | <u>2,311</u> | <u>2,937</u> |
| Equity: | | |
| Equity in joint venture | 12,840 | 3,555 |
| Equity in fixed assets | 4,746 | 4,039 |
| Retained earnings | 9,365 | 3,803 |
| | <u>26,951</u> | <u>11,397</u> |
| | <u>\$29,262</u> | <u>\$14,334</u> |

The accompanying notes are part
of these financial statements.

ALBERTA SPECIAL WASTE MANAGEMENT CORPORATION
STATEMENT OF REVENUE, EXPENDITURE AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|---|-----------------|-----------------|
| Revenue: | | |
| Grant from the Province of Alberta, | | |
| General Revenue Fund | \$18,660 | \$ 9,445 |
| Interest earnings | 689 | 612 |
| Other | 1 | 4 |
| | <u>19,350</u> | <u>10,061</u> |
| Expenditure: | | |
| Joint venture: | | |
| Investment | 9,285 | 3,555 |
| Contributions to operations, net (Note 6) | 2,259 | — |
| Administration: | | |
| Acquisition of fixed assets (Note 5) | 707 | 3,729 |
| Salaries and employee benefits | 367 | 408 |
| External consulting services | 196 | 374 |
| Supplies and services | 64 | 55 |
| Other | 96 | 131 |
| Collection and storage operations: | | |
| Occupancy | 373 | 332 |
| Contract services | 262 | 648 |
| Repairs and maintenance | 58 | 91 |
| Other | 121 | 63 |
| | <u>13,788</u> | <u>9,386</u> |
| Excess of revenue over expenditure | 5,562 | 675 |
| Retained earnings at beginning of year | 3,803 | 3,128 |
| Retained earnings at end of year | <u>\$ 9,365</u> | <u>\$ 3,803</u> |

ALBERTA SPECIAL WASTE MANAGEMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Special Waste Management Corporation operates under the authority of the Special Waste Management Act, Chapter S-21.5, Statutes of Alberta 1982.

Note 2 Significant Accounting Policies and Reporting Practices

- a) These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:
- (i) the cost of fixed assets is expensed in the year of acquisition. Fixed assets are also shown on the balance sheet at cost with a corresponding credit to equity in fixed assets.
 - (ii) the investment relating to participation in the joint venture is expensed in the year incurred but is also included on the balance sheet as investment in joint venture with a corresponding credit to equity in joint venture.
- b) The investment in the joint venture is recorded at cost which is represented by the net contributions of the Corporation to the joint venture.
- c) A statement of changes in financial position has not been provided as disclosure in these financial statements is considered to be adequate.

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta.

Note 4 Investment in Joint Venture

The Corporation has a 40% interest in a joint venture to establish, own, operate and maintain a part of the Alberta special waste management system. The investment in the joint venture is summarized hereunder:

| | 1987 | 1986 |
|------------------------------|------------------------|----------------|
| | (thousands of dollars) | |
| Balance at beginning of year | \$ 3,555 | \$ — |
| Investment | 9,285 | 3,555 |
| Balance at end of year | <u>\$12,840</u> | <u>\$3,555</u> |

Note 5 Fixed Assets

Fixed assets consist of the following:

| | Balance March 31, 1987 | Additions During Year | Balance March 31, 1987 |
|-------------------------|---------------------------|-----------------------------|---------------------------|
| | (thousands of dollars) | | |
| Swan Hills Facility: | | | |
| Access road | \$2,738 | \$420 | \$3,158 |
| Utilities | 1,043 | 124 | 1,167 |
| Deep well lease | 90 | — | 90 |
| Land | 74 | — | 74 |
| | 3,945 | 544 | 4,489 |
| Furniture and equipment | 69 | 5 | 74 |
| Leasehold improvements | 25 | 158 | 183 |
| | <u>\$4,039</u> | <u>\$707</u> | <u>\$4,746</u> |

Note 6 Contributions to Operations, Net

Under the terms of the joint venture agreement, the Corporation agrees to pay an amount which provides the joint venture's partners an agreed rate of return. The Corporation's share of this amount is netted against the contributions.

Note 7 Guarantee

The Corporation and its joint venture partner have jointly and severally guaranteed payments of the joint venture arising from sub-leases of certain properties from two separate corporations. The total amount of the guarantees is approximately \$7 million.

Note 8 Administration Expenses

Head office premises and basic office furnishings are provided by the Province of Alberta. These assets and certain administrative services are provided at no charge and accordingly are not reflected in these financial statements.

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 10 Approval of Financial Statements

These financial statements have been approved by the Members of the Corporation.

ENVIRONMENT COUNCIL OF ALBERTA
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Statement of Equity in Fixed Assets
Notes to the Financial Statements

AUDITOR'S REPORT

To the Chief Executive Officer of the
Environment Council of Alberta

I have examined the balance sheet of the Environment Council of Alberta as at March 31, 1987 and the statements of revenue, expenditure and unexpended funds and equity in fixed assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Council as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
August 28, 1987

C.A.
Auditor General

ENVIRONMENT COUNCIL OF ALBERTA
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|------------------|------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$336,402 | \$243,880 |
| Contributions receivable, Province of Alberta | — | 117,000 |
| Prepaid expenses | 7,619 | 6,707 |
| | <u>344,021</u> | <u>367,587</u> |
| Fixed: | | |
| Office equipment, at cost | 142,207 | 125,819 |
| Less: Accumulated depreciation | 119,543 | 98,166 |
| | <u>22,664</u> | <u>27,653</u> |
| | <u>\$366,685</u> | <u>\$395,240</u> |
| LIABILITIES AND EQUITY | | |
| Current: | | |
| Accounts payable | \$ 6,927 | \$ 26,124 |
| Equity: | | |
| Equity in fixed assets | 22,664 | 27,653 |
| Unexpended funds | 337,094 | 341,463 |
| | <u>359,758</u> | <u>369,116</u> |
| | <u>\$366,685</u> | <u>\$395,240</u> |

The accompanying notes are part
of these financial statements.

ENVIRONMENT COUNCIL OF ALBERTA
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|--------------------|--------------------|
| Revenue: | | |
| Contributions by the Province of Alberta, General Revenue Fund | <u>\$1,236,591</u> | <u>\$1,174,721</u> |
| Expenditure: | | |
| Salaries | 706,906 | 682,217 |
| Travelling | 190,166 | 137,116 |
| Fees and commissions | 88,633 | 20,024 |
| Employee benefits | 80,119 | 77,282 |
| Printing | 34,029 | 46,892 |
| Equipment rental | 32,787 | 17,805 |
| Office supplies and postage | 32,742 | 29,265 |
| Advertising | 24,096 | 13,141 |
| Equipment purchases | 16,388 | 13,132 |
| Equipment maintenance | 16,273 | 12,413 |
| Library | 7,473 | 7,841 |
| Hall rentals | 6,126 | 874 |
| Telephone | 4,785 | 3,844 |
| Miscellaneous | 437 | 13 |
| | <u>1,240,960</u> | <u>1,061,859</u> |
| Excess of revenue over expenditure | (4,369) | 112,862 |
| Unexpended funds at beginning of year | 341,463 | 228,601 |
| Unexpended funds at end of year | <u>\$ 337,094</u> | <u>\$ 341,463</u> |

ENVIRONMENT COUNCIL OF ALBERTA
STATEMENT OF EQUITY IN FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|--|-----------------|-----------------|
| Balance at beginning of year | \$27,653 | \$35,195 |
| Add: Office equipment purchased from operations | <u>16,388</u> | <u>13,132</u> |
| | 44,041 | 48,327 |
| Less: Depreciation for the year | <u>21,377</u> | <u>20,674</u> |
| Balance at end of year | <u>\$22,664</u> | <u>\$27,653</u> |

ENVIRONMENT COUNCIL OF ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Environment Council of Alberta operates under the authority of the Environment Council Act, Chapter E-13, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with generally accepted accounting principles except that fixed assets are charged to expenditure at date of acquisition. The fixed assets are also shown on the balance sheet at original cost less accumulated depreciation, with a corresponding credit to equity in fixed assets. Depreciation is charged to equity in fixed assets.

Depreciation is provided over the estimated useful life of the assets on the straight-line method at a rate of 33 1/3% for computer equipment and software and 10% for the remaining office equipment.

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Administration Expenses

Office furniture and accommodation are provided to the Council at no cost by the Province of Alberta, General Revenue Fund and accordingly are not reflected in these financial statements.

Note 4 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 5 Approval of Financial Statements

These financial statements were approved by management.

ENERGY RESOURCES CONSERVATION BOARD
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue Surplus - General Funds
Statement of Restricted Fund Transactions
Statement of Equity in Fixed Assets
Statement of Revenue and Expenditure - Oil and Gas Operations
Statement of Revenue and Expenditure - Coal, Hydro and Electric
Energy Operations
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the Energy
Resources Conservation Board

I have examined the balance sheet of the Energy Resources Conservation Board as at March 31, 1987 and the statements of revenue surplus - general funds, restricted fund transactions, equity in fixed assets, revenue and expenditure-oil and gas operations and revenue and expenditure-coal, hydro and electric energy operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
July 31, 1987

C.A.
Auditor General

ENERGY RESOURCES CONSERVATION BOARD
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|-----------------------------------|---------------------|---------------------|
| ASSETS | | |
| GENERAL FUNDS | | |
| Current: | | |
| Cash and short-term deposits | \$ 9,768,696 | \$ 8,085,822 |
| Accounts receivable | 786,439 | 961,761 |
| Prepaid expenses | 526,425 | 510,132 |
| | <u>11,081,560</u> | <u>9,557,715</u> |
| Fixed assets, at cost | 11,531,643 | 8,829,797 |
| | <u>22,613,203</u> | <u>18,387,512</u> |
| RESTRICTED FUNDS (Note 3) | | |
| Current: | | |
| Cash and short-term deposits | 1,207,306 | 1,036,148 |
| Accrued interest receivable | 47,835 | 47,619 |
| | <u>1,255,141</u> | <u>1,083,767</u> |
| | <u>\$23,868,344</u> | <u>\$19,471,279</u> |
| LIABILITIES AND SURPLUS | | |
| GENERAL FUNDS | | |
| Current: | | |
| Accounts payable | \$ 1,664,572 | \$ 2,569,727 |
| Unexpended capital (Note 4) | 3,605,126 | — |
| Revenue surplus | 2,247,634 | 3,672,125 |
| Well abandonment reserve (Note 5) | 3,564,228 | 3,315,863 |
| Equity in fixed assets | 11,531,643 | 8,829,797 |
| | <u>22,613,203</u> | <u>18,387,512</u> |
| RESTRICTED FUNDS (Note 3) | | |
| Balance | 1,255,141 | 1,083,767 |
| | <u>\$23,868,344</u> | <u>\$19,471,279</u> |

The accompanying notes are part
of these financial statements.

ENERGY RESOURCES CONSERVATION BOARD
STATEMENT OF REVENUE SURPLUS - GENERAL FUNDS
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|--|--------------|--------------|
| Revenue surplus at beginning of year | \$ 3,672,125 | \$ 8,201,506 |
| Add: | | |
| Surplus (deficit) for the year: | | |
| Oil and gas operations | (976,317) | (1,311,460) |
| Coal, hydro and electric energy operations | (199,809) | 97,942 |
| | (1,176,126) | (1,213,518) |
| | 2,495,999 | 6,987,988 |
| Less: | | |
| Appropriation to reserve (Note 5) | 248,365 | 3,315,863 |
| Revenue surplus at end of year | \$ 2,247,634 | \$ 3,672,125 |

ENERGY RESOURCES CONSERVATION BOARD
STATEMENT OF RESTRICTED FUND TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 1987

Management Retiring Allowance Plan (Note 3)

| | 1987 | 1986 |
|------------------------------|-------------|-------------|
| Balance at beginning of year | \$1,083,767 | \$ 876,512 |
| Add: | | |
| Contributions | 119,171 | 105,473 |
| Interest | 104,082 | 101,782 |
| | 1,307,020 | 1,083,767 |
| Deduct: | | |
| Expenditure | 51,879 | — |
| Balance at end of year | \$1,255,141 | \$1,083,767 |

ENERGY RESOURCES CONSERVATION BOARD
STATEMENT OF EQUITY IN FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|---|--------------|-------------|
| Balance at beginning of year | \$ 8,829,797 | \$7,216,983 |
| Acquisitions: | | |
| General | 1,585,154 | 2,144,953 |
| Petroleum Industry Training Centre (Note 4) | 1,635,700 | — |
| | 12,050,651 | 9,361,936 |
| Disposals | (519,008) | (532,139) |
| Balance at end of year | \$11,531,643 | \$8,829,797 |
| Represented by: | | |
| Automobiles | \$ 1,510,743 | \$1,303,775 |
| Furniture and equipment | 7,312,678 | 6,453,500 |
| 'Energieum' | 1,072,522 | 1,072,522 |
| Petroleum Industry Training Centre | 1,635,700 | — |
| | \$11,531,643 | \$8,829,797 |

ENERGY RESOURCES CONSERVATION BOARD
STATEMENT OF REVENUE AND EXPENDITURE - OIL AND GAS OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|---------------------|-----------------------|
| Revenue: | | |
| Well administration fees | \$20,012,482 | \$18,490,959 |
| Contribution from the Province of Alberta | 18,854,000 | 18,340,000 |
| Contributions re Petroleum Industry Training Centre (Note 4) | 1,635,700 | — |
| Information services | 1,549,657 | 1,341,377 |
| Interest | 1,310,359 | 1,662,128 |
| Core research centre | 986,392 | 1,002,835 |
| Drilling licences | 769,125 | 2,174,305 |
| Pipeline | 557,240 | 678,675 |
| Miscellaneous | 227,297 | 162,020 |
| | <u>45,902,252</u> | <u>43,852,299</u> |
| Expenditure: | | |
| Salaries and employee benefits | 29,284,358 | 28,079,045 |
| Building rent, improvements and maintenance | 5,141,154 | 5,690,693 |
| Equipment rental and maintenance | 3,949,002 | 3,599,102 |
| Fixed assets | 3,288,233 | 2,422,045 |
| Studies and research | 1,009,785 | 903,535 |
| Travel and automobile | 941,884 | 1,021,837 |
| Office and field supplies | 763,980 | 814,610 |
| Professional fees | 579,419 | 753,455 |
| Telephone and telegraph | 382,137 | 226,953 |
| Courses, memberships and conferences | 361,599 | 440,364 |
| Postage and deliveries | 291,318 | 295,809 |
| Publications and periodicals | 196,001 | 163,869 |
| Printing and reproduction | 173,091 | 219,837 |
| Board hearings | 142,684 | 167,705 |
| Well abandonment | 133,909 | 14,533 |
| Staff transfers and recruitment | 35,206 | 189,419 |
| Sundry | 204,809 | 160,948 |
| | <u>46,878,569</u> | <u>45,163,759</u> |
| Surplus (deficit) for the year | <u>\$ (976,317)</u> | <u>\$ (1,311,460)</u> |

ENERGY RESOURCES CONSERVATION BOARD
STATEMENT OF REVENUE AND EXPENDITURE -
COAL, HYDRO AND ELECTRIC ENERGY OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|---------------------|------------------|
| Revenue: | | |
| Contributions from the Province of Alberta | \$2,400,000 | \$2,625,000 |
| Other | <u>15,977</u> | <u>28,011</u> |
| | <u>2,415,977</u> | <u>2,653,011</u> |
| Expenditure: | | |
| Salaries and employee benefits | 1,920,281 | 1,881,358 |
| Building rent, improvements and maintenance | 353,513 | 382,307 |
| Equipment rental and maintenance | 138,629 | 137,317 |
| Office and field supplies | 47,675 | 47,174 |
| Travel and automobile | 29,973 | 17,878 |
| Postage and deliveries | 24,805 | 25,177 |
| Telephone and telegraph | 23,991 | 1,818 |
| Courses, memberships and conferences | 21,876 | 20,572 |
| Printing and reproduction | 20,412 | 20,871 |
| Fixed assets | 9,262 | 2,967 |
| Board hearings | 8,180 | 1,382 |
| Publications and periodicals | 1,425 | 3,322 |
| Sundry | <u>15,764</u> | <u>12,926</u> |
| | <u>2,615,786</u> | <u>2,555,069</u> |
| Surplus (deficit) for the year | <u>\$ (199,809)</u> | <u>\$ 97,942</u> |

ENERGY RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

- Note 1 Authority
The Energy Resources Conservation Board operates under the authority of the Energy Resources Conservation Act, Chapter E-11, Revised Statutes of Alberta 1980, as amended.
- Note 2 Significant Accounting Policies
General
These financial statements have been prepared in accordance with generally accepted accounting principles except that purchases of fixed assets are charged to operations in the year of acquisition. Notwithstanding this policy, however, the balance sheet also shows, for information purposes, the cumulative amount of such expenditures in respect of all fixed assets presently owned with a corresponding credit shown as equity in fixed assets.
Changes in Financial Position
A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.
- Note 3 Restricted Funds - Management Retiring Allowance Plan
The Board has established a management retiring allowance plan for certain management staff who are unable to participate in the Public Service Management Pension Plan. The plan is funded by annual contributions from the Board and interest thereon. The Board has no liability beyond making the annual contributions to the plan.
- Note 4 Unexpended Capital
During the year, the Board received funding from the Province of Alberta and industry for the construction of a centre for petroleum industry pre-employment training (Petroleum Industry Training Centre). The total cost of the centre has been estimated at \$6,500,000 and will be shared equally by the Province and industry. Expenditures incurred to March 31, 1987 of \$1,635,700 have been reflected as fixed assets and the balance of the funds received, including interest thereon, as unexpended capital. The Centre, when completed, will be leased to and operated by the Petroleum Industry Training Service.
- Note 5 Well Abandonment Reserve
The well abandonment reserve is used to pay for costs associated with wells that have been abandoned in a condition that does not satisfy the Board's requirements and where the licensee cannot be located.
- Note 6 Lease Commitment
The Board leases office premises and office machines and equipment with lease terms ranging up to twenty years. The future minimum lease payments for each of the five succeeding years are as follows:
- | | |
|------|-------------|
| 1988 | \$4,789,659 |
| 1989 | 4,630,051 |
| 1990 | 4,614,877 |
| 1991 | 4,353,839 |
| 1992 | 4,298,686 |
- Note 7 Comparative Figures
The 1986 figures have been reclassified where necessary to conform to 1987 presentation.
- Note 8 Approval of Financial Statements
These financial statements were approved by management.

THE WILD ROSE FOUNDATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Surplus
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of The Wild Rose Foundation

I have examined the balance sheet of The Wild Rose Foundation as at March 31, 1987 and the statement of revenue, expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
May 8, 1987

C.A.
Auditor General

THE WILD ROSE FOUNDATION
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|-----------------------------------|--------------------|--------------------|
| ASSETS | | |
| GENERAL FUND: | | |
| Current asset: | | |
| Cash (Note 4) | \$ 654,254 | \$1,190,587 |
| Furniture and equipment (Note 5) | <u>10,599</u> | <u>9,546</u> |
| Total general fund | <u>664,853</u> | <u>1,200,133</u> |
| ENDOWMENT FUND: (Note 6) | | |
| Cash (Note 4) | <u>4,500,000</u> | <u>4,500,000</u> |
| | <u>\$5,164,853</u> | <u>\$5,700,133</u> |
| LIABILITIES AND EQUITY | | |
| GENERAL FUND: | | |
| Current liabilities: | | |
| Grants payable (Notes 2(a) and 7) | \$ 226,770 | \$ 582,320 |
| Accounts payable | <u>5,469</u> | <u>3,503</u> |
| | <u>232,239</u> | <u>585,823</u> |
| Equity: | | |
| Surplus | <u>432,614</u> | <u>614,310</u> |
| Total general fund | <u>664,853</u> | <u>1,200,133</u> |
| ENDOWMENT FUND: | | |
| Equity | <u>4,500,000</u> | <u>4,500,000</u> |
| | <u>\$5,164,853</u> | <u>\$5,700,133</u> |

The accompanying notes are part
of these financial statements.

THE WILD ROSE FOUNDATION
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|-------------------|-------------------|
| REVENUE | | |
| Western Canada Lottery Alberta Division | \$1,250,000 | \$1,000,000 |
| Interest | 483,095 | 555,591 |
| | <u>1,733,095</u> | <u>1,555,591</u> |
| EXPENDITURE | | |
| Grants (Notes 2(a) and 7) | <u>1,700,965</u> | <u>1,765,385</u> |
| Administrative: | | |
| Personnel | 102,504 | 103,423 |
| Members | 38,045 | 31,093 |
| Office | 36,753 | 35,758 |
| Occupancy | 18,163 | 7,381 |
| Advertising and publications | 10,079 | 26,246 |
| Consultants | 6,340 | 2,685 |
| Depreciation | 1,942 | 1,325 |
| | <u>213,826</u> | <u>207,911</u> |
| Total expenditure | <u>1,914,791</u> | <u>1,973,296</u> |
| Excess of expenditure over revenue | (181,696) | (417,705) |
| Surplus at beginning of year | 614,310 | 1,032,015 |
| Surplus at end of year | <u>\$ 432,614</u> | <u>\$ 614,310</u> |

THE WILD ROSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Wild Rose Foundation operates under the authority of the Wild Rose Foundation Act, Chapter W-7.8, Statutes of Alberta 1984.

Section 3 of the Wild Rose Foundation Act and a Ministerial regulation pursuant to section 6(2) caused certain interpretive difficulties for the Members of the Foundation. This legislation places certain constraints on the eligibility of projects for funding. In respect of the Members' interpretation, it is possible the resultant administrative policies may not be in strict accordance with the legislation. The Minister responsible for The Wild Rose Foundation has been notified.

Note 2 Significant Accounting Policies

(a) Grants Payable:

Liabilities are recorded for grants payable only when all conditions required to qualify for the grants have been met by the grant recipients. (See Note 7)

(b) Depreciation:

Depreciation of furniture and equipment is recorded annually using the straight-line method at 15% of original cost.

(c) Changes in Financial Position:

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Purpose of the Foundation

The purpose of the Foundation is to provide funding to volunteer non-profit organizations that provide necessary and valuable community services to Albertans, provided these organizations are not eligible to receive funding from other specified sources.

Note 4 Cash /

Cash consists of deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta. Interest is earned on the daily balance in the Fund at the average rate of interest earned on Fund investments.

Note 5 Furniture and Equipment

| | <u>1987</u> | <u>1986</u> |
|----------------------------------|-----------------|-----------------|
| Furniture and equipment, at cost | \$13,865 | \$10,871 |
| Less: Accumulated depreciation | <u>3,266</u> | <u>1,325</u> |
| | <u>\$10,599</u> | <u>\$ 9,546</u> |

Note 6 Endowment Fund

The initial contribution of \$4,500,000 received from the Western Canada Lottery Alberta Division is being held in an endowment fund; the interest earned thereon is recorded as revenue. This endowment fund is not available to The Wild Rose Foundation for use in its normal operations unless approved by the Minister.

Note 7 Commitments

As at March 31, 1987, the Foundation had commitments totalling \$97,080 in respect of grants approved where certain conditions were still to be met by the applicants. These commitments are not recorded as liabilities as at March 31, 1987. (See Note 2(a))

The Foundation is committed to monthly lease payments of approximately \$2,300 until December 31, 1989 for office accommodation.

Note 8 Contingent Liability

The Foundation is involved in a legal proceeding in which a claim for wrongful dismissal has been filed against the Foundation. This claim has not been reflected in the financial statements. It is not expected that this claim will result in a material loss to the Foundation.

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 10 Approval of Financial Statements

These financial statements have been approved by management and Members of the Foundation.

ALBERTA URBAN HOSPITALS PROJECT MANAGEMENT LTD.
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Hospitals and Medical Care

I have examined the balance sheet of Alberta Urban Hospitals Project Management Ltd. as at March 31, 1987 and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the company as at March 31, 1987 and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
May 12, 1987

C.A.
Auditor General

ALBERTA URBAN HOSPITALS PROJECT MANAGEMENT LTD.
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|--------------------|------------------|
| ASSETS | | |
| Current: | | |
| Cash | <u>\$1,562,539</u> | <u>\$611,515</u> |
| LIABILITIES AND EQUITY | | |
| Current: | | |
| Due to the Province of Alberta, Department of Hospitals and Medical Care | \$1,562,538 | \$611,514 |
| Share Capital: | | |
| Authorized: | | |
| 20,000 Class A common shares without nominal or par value | | |
| Issued: | | |
| 1 Class A common share | <u>1</u> | <u>1</u> |
| | <u>\$1,562,539</u> | <u>\$611,515</u> |

The accompanying notes are part
of these financial statements.

ALBERTA URBAN HOSPITALS PROJECT MANAGEMENT LTD.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|---------------------|---------------------|
| Cash received: | | |
| Department of Hospitals and Medical Care | <u>\$57,027,000</u> | <u>\$58,104,000</u> |
| Project expenditure: | | |
| Construction | 45,117,591 | 51,358,519 |
| Equipment | 7,625,934 | 2,902,193 |
| Consultants | 1,746,538 | 2,036,013 |
| Administration | <u>1,585,913</u> | <u>1,423,207</u> |
| | <u>56,075,976</u> | <u>57,719,932</u> |
| Increase in cash during year | 951,024 | 384,068 |
| Cash at beginning of year | <u>611,515</u> | <u>227,447</u> |
| Cash at end of year | <u>\$ 1,562,539</u> | <u>\$ 611,515</u> |

ALBERTA URBAN HOSPITALS PROJECT MANAGEMENT LTD.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The company is incorporated under the Alberta Business Corporations Act. The only share issued by the company is held in trust for the Minister of Hospitals and Medical Care. The Minister has established an Urban Hospitals Project Committee to oversee, co-ordinate and arrange the planning, designing, constructing, equipping and commissioning of two major urban hospitals.

Note 2 Scope of Operations

The sole business of the company is to make payments with respect to the design, construction, equipping and commissioning of two acute care hospitals, one in Edmonton and another in Calgary. Upon completion of this project, the company is to be wound up. Assets acquired as a result of expenditures made by the company are the property of the Minister of Hospitals and Medical Care.

Note 3 Significant Accounting Policies

In the statement of changes in financial position, project expenditure represents cash payments made by the company. Liabilities for accrued expenses are not reflected in these financial statements as payments made by the company for construction and equipment are based on contracts between the Minister of Hospitals and Medical Care and the suppliers.

Note 4 Approval of Financial Statements

These financial statements were approved by the Urban Hospitals Project Committee.

ALBERTA MORTGAGE AND HOUSING CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report

Corporate Account

Balance Sheet
Statement of Revenue, Expenditure and Deficit
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Investments
Schedule of Long-Term Debt
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Mortgage Insurance Fund

Balance Sheet
Statement of Revenue, Expenditure and Deficit
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AUDITOR'S REPORT

To the Board of Directors of the
Alberta Mortgage and Housing Corporation

I have examined the balance sheets of the Corporate Account and the Mortgage Insurance Fund of the Alberta Mortgage and Housing Corporation as at March 31, 1987 and the related statements of revenue, expenditure and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements of the Corporate Account and the Mortgage Insurance Fund applied, after giving retroactive effect to the change in the accounting for the value of investments in land programs and recognition of income on land program projects as described in Note 3 to the financial statements of the Corporate Account, on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 31, 1987

ALBERTA MORTGAGE AND HOUSING CORPORATION
CORPORATE ACCOUNT
BALANCE SHEET
AS AT MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|---|--------------------|--------------------|
| ASSETS | | |
| Cash | \$ 5,069 | \$ 214 |
| Accounts receivable | 15,611 | 9,760 |
| Agreements receivable: | | |
| Province of Alberta | 4,604 | 4,731 |
| Other | 6,416 | 9,398 |
| Due from Mortgage Insurance Fund | 226,046 | 221,697 |
| Investments (Schedule 1) (Note 4) | <u>3,639,317</u> | <u>3,810,408</u> |
| | <u>\$3,897,063</u> | <u>\$4,056,208</u> |
| LIABILITIES | | |
| Accounts and holdbacks payable | \$ 17,710 | \$ 12,965 |
| Accrued interest payable | 173,315 | 201,473 |
| Short-term notes payable (Note 5) | 4,986 | 36,878 |
| Due to the Province of Alberta | 16,148 | 37,370 |
| Property tax deposits on mortgages | 26,772 | 27,978 |
| Advance from the Province of Alberta (Note 6) | 290,833 | 290,833 |
| Long-term debt (Schedule 2) | <u>3,530,799</u> | <u>3,532,211</u> |
| | 4,060,563 | 4,139,708 |
| Deficit (Note 8) | <u>(163,500)</u> | <u>(83,500)</u> |
| | <u>\$3,897,063</u> | <u>\$4,056,208</u> |

The accompanying notes are part
of these financial statements.

ALBERTA MORTGAGE AND HOUSING CORPORATION
CORPORATE ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | 1987 | 1986 |
|--|------------------|------------------|
| REVENUE | | |
| Interest income: | | |
| Mortgages and loans (Note 7) | \$244,022 | \$275,696 |
| Bank and other | 1,533 | 2,697 |
| Housing Program Rentals | 11,617 | 12,481 |
| Sales: | | |
| Lots (Note 3) | 8,717 | 11,525 |
| Housing units | 1,406 | 1,194 |
| Other revenue | 1,382 | 1,123 |
| | <u>268,677</u> | <u>304,716</u> |
| EXPENDITURE | | |
| Interest expense | 418,939 | 461,698 |
| Writedown in value of land (Note 3) | 80,000 | 81,000 |
| Deficit transferred from the Mortgage Insurance Fund | 46,185 | 49,179 |
| Administration expenses (Schedule 3) | 25,522 | 27,601 |
| Amortization of housing program investments | 9,148 | 7,556 |
| Cost of sales: | | |
| Lots (Note 3) | 7,664 | 7,990 |
| Housing units | 1,656 | 1,666 |
| Housing program expenses | 5,506 | 5,266 |
| Grants and subsidies | 4,983 | 4,465 |
| Development costs written off (recovered) on abandoned projects | 346 | (127) |
| | <u>599,949</u> | <u>646,294</u> |
| Less: Recoveries | | |
| - Canada Mortgage and Housing Corporation | 47,352 | 44,500 |
| - Municipalities | 3,636 | 3,464 |
| - Interest allocation to projects under construction | 1,683 | 1,978 |
| - Other | 4,942 | 4,259 |
| | <u>57,613</u> | <u>54,201</u> |
| | <u>542,336</u> | <u>592,093</u> |
| Excess of expenditure over revenue for the year | 273,659 | 287,377 |
| Contribution by the Province of Alberta | 193,659 | 206,377 |
| Deficit for the year | 80,000 | 81,000 |
| Deficit at beginning of the year | 83,500 | 2,500 |
| Deficit at end of the year (Note 8) | <u>\$163,500</u> | <u>\$ 83,500</u> |

ALBERTA MORTGAGE AND HOUSING CORPORATION
CORPORATE ACCOUNT
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|---|------------------|------------------|
| Operating transactions: | | |
| Excess of expenditure over revenue | \$(273,659) | \$(287,377) |
| Non-cash items: | | |
| Cost of sales: | | |
| Lots | 7,664 | 7,990 |
| Housing units | 1,656 | 1,666 |
| Writedown in value of land | 80,000 | 81,000 |
| Amortization of housing program investments | 9,148 | 7,556 |
| Amortization of short-term notes | <u>1,534</u> | <u>11,832</u> |
| | (173,657) | (177,333) |
| Operating advances received from the | | |
| Province of Alberta | 208,007 | 242,351 |
| Repayment of operating advances | (35,570) | (27,377) |
| Increase in amount due from the | | |
| Mortgage Insurance Fund | (4,349) | (136,775) |
| Decrease in other liabilities | (24,618) | (10,111) |
| (Increase) decrease in other assets | <u>(2,743)</u> | <u>456</u> |
| Cash applied to operations | <u>(32,930)</u> | <u>(108,789)</u> |
| Investing transactions: | | |
| Net decrease in mortgages and loans receivable | 137,132 | 187,971 |
| Investment in land and housing programs | <u>(64,509)</u> | <u>(25,923)</u> |
| Cash provided by investing transactions | <u>72,623</u> | <u>162,048</u> |
| Financing transactions: | | |
| Short-term notes issued | 281,127 | 656,855 |
| Repayment of short-term notes | (314,553) | (722,356) |
| Mortgages assumed | — | 337 |
| Repayment of advance to the Province of Alberta | — | (20,667) |
| Debentures issued - Province of Alberta | 188,000 | 185,000 |
| Repayment of long-term debt | <u>(189,412)</u> | <u>(180,885)</u> |
| Cash applied to financing transactions | <u>(34,838)</u> | <u>(81,716)</u> |
| Net increase (decrease) in cash | 4,855 | (28,457) |
| Cash at beginning of the year | <u>214</u> | <u>28,671</u> |
| Cash at end of the year | <u>\$ 5,069</u> | <u>\$ 214</u> |

ALBERTA MORTGAGE AND HOUSING CORPORATION
CORPORATE ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Mortgage and Housing Corporation operates under the authority of the Alberta Mortgage and Housing Corporation Act, Chapter A-32.5, Statutes of Alberta 1984, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

(i) These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:

- (a) The investment in housing programs is not depreciated but is amortized at the rate equal to the redemption of the long-term debt financing the programs.
- (b) Purchases of fixed assets used for administration purposes are charged to operations in the year of purchase.

(ii) Other significant accounting policies are as follows:

(a) Valuation of investments

(i) Land programs

Land is stated at cost. Where there has been a decline in value of land that is of an enduring nature, the land value is written down to net realizable value which is deemed to be the new cost.

(ii) Housing programs

Investment in housing programs is stated at cost less amortization. (See Note 2(1)(a))

(iii) Mortgages and loans receivable

Mortgages and loans receivable are stated at cost, which includes amounts advanced, interest capitalized and accrued, taxes and other charges, less repayments and direct subsidies applied.

No provision is made in the Corporate Account for loss on loans due to default by borrowers since the loss is provided for in the Mortgage Insurance Fund or the loans are guaranteed by the Government of Canada or by the Province of Alberta

(b) Consolidation

The financial statements of the Mortgage Insurance Fund have not been consolidated with these financial statements as, in the opinion of management, consolidation would not result in a more informative presentation.

(c) Management agencies

A substantial number of properties owned by the Corporation are managed by non-profit organizations, acting as agents of the Corporation. The operating deficits and the operating surpluses of these properties, are aggregated and recorded net by the Corporation on the statement of revenue and expenditure as grants and subsidies expenditure.

(d) Recoveries

Contributions from Canada Mortgage and Housing Corporation and municipalities in accordance with housing program cost sharing agreements are reported in aggregate, as a deduction from expenditure, on the statement of revenue and expenditure.

(e) Capitalization of expenses

Interest costs, relating to the financing of projects under construction, are capitalized and form part of the cost of the investment in those projects.

Overhead expenses and local improvement taxes relating to projects under construction and land held under the land programs, are capitalized and form part of the cost of the investments.

Note 3 Change in Accounting Policy - Land Programs

(a) During the year the Corporation changed its accounting policy from providing for declines in value of an enduring nature in the investment in land programs, to writing down the investment in land programs to recognize such losses.

This change in accounting policy, which has been applied retroactively, has no effect on the net investment in land programs or on the deficit.

- (b) During the year, the Corporation changed its accounting policy from not recognizing a gain or loss on a lot sale until all lots within a project were sold, to recognizing a gain or loss following each individual lot sale.

This change in accounting policy, which has been applied retroactively, results in an increase in the cost of lot sales, excess of expenditure over revenue and contribution by the Province of Alberta of \$306,000 for the year ended March 31, 1987. For the year ended March 31, 1986 the change in accounting policy resulted in a decrease in cost of lot sales, excess of expenditure over revenue and contribution by the Province of Alberta of \$404,000. Also, investment in land programs and the amount due to the Province of Alberta were increased by \$1,494,000 and \$1,800,000 for the year ends March 31, 1987 and March 31, 1986 respectively.

Since the cumulative reduction in the excess of expenditure over revenue resulting from this change is repayable to the Province of Alberta, the deficit at March 31, 1987 and March 31, 1986 is not affected.

Note 4 Investments

- (a) Land programs

This represents land acquired for future development and sale by the Corporation and land acquired under land banking and development agreements with municipalities.

- (b) Housing programs

This represents land, buildings, furniture, fixtures, and equipment acquired and utilized in the delivery of housing programs.

- (c) Mortgages and loans receivable

This represents balances outstanding under the lending programs.

Note 5 Short-term Notes Payable

Short-term notes payable are held by the Alberta Provincial Corporation Loan Fund and mature within one year.

Note 6 Advance from the Province of Alberta

In March 1984, the Corporation received an interest free advance in the amount of \$318,000,000, which is repayable on demand, from the General Revenue Fund of the Province of Alberta of which \$278,880,000 was used to redeem long-term debt. The amount outstanding at March 31, 1987 is \$290,833,000 (1986 \$290,833,000).

Note 7 Mortgage Subsidies

The mortgage interest income figure is shown net of the following mortgage subsidies:

| | Interest Renegoti- ation Subsidies | Interest Rate Subsidies | Direct Subsidies | Total Subsidies | |
|----------------------------|---|-------------------------------|---------------------|------------------|------------------|
| | | | | 1987 | 1986 |
| | (thousands of dollars) | | | | |
| | (a) | (b) | (c) | | |
| Home-ownership programs | \$ 14,712 | \$ 6,587 | \$ 7,665 | \$ 28,964 | \$ 45,115 |
| Rental programs | 8,745 | 42,226 | 25,057 | 76,028 | 77,981 |
| Land programs | — | 153 | 7 | 160 | 153 |
| | <u>\$ 23,457</u> | <u>\$ 48,966</u> | <u>\$ 32,729</u> | <u>\$105,152</u> | <u>\$123,249</u> |

- (a) Interest Renegotiation Subsidies

Interest renegotiation subsidies arise from the Corporation's offers, made in previous years, to write-down the interest rate on its mortgage portfolio to 12.5% from the rate specified in the mortgage document. In part, this indirect subsidy resulted in a decrease in direct subsidies.

- (b) Interest Rate Subsidies

The Corporation normally provides mortgage financing at or near prevailing mortgage interest rates, however, during certain periods of time and under certain lending programs, mortgages have been provided at lower rates. The calculation of interest rate subsidies is based on the difference between the prevailing interest rate (the lowest five years National Housing Act rate available from five specified chartered banks) at the date the mortgage is issued and the reduced rate stipulated in the mortgage agreement applied to the monthly balance. In part, this indirect subsidy resulted in a decrease in direct subsidies.

- (c) Direct Subsidies

The Corporation subsidizes mortgages by providing mortgage payment reductions based on the income level of the mortgagor. The calculation of the mortgage payment subsidies is based on the amounts stipulated in the mortgage reduction agreements.

The direct subsidies also include \$17,300,000 that was applied to the Core Housing Incentive and Modest Apartment Rental Program mortgages as a result of a restructure agreement implemented on May 1, 1986. These subsidies can reduce the effective interest rate to 6%.

Note 8 Deficit

Pursuant to section 14 of the Act, the operating deficit of the Corporation is paid out of monies voted by the Alberta Legislature. Effective June 5, 1985, as a result of an amendment to the Act, the Provincial Treasurer may exclude from the operating deficit all or any part of an expenditure in respect of a decline in the value of assets of the Corporation. This has resulted in the Corporation retaining a deficit of \$163,500,000 (1986 \$83,500,000) in the Corporate Account at March 31, 1987.

Note 9 Commitments and Contractual Obligations

The Corporation has commitments totalling \$10,156,000 (1986 \$11,195,000) with respect to unadvanced amounts on approved mortgages and loans, as well as contractual obligations with respect to investment in projects in the amount of \$9,165,000 (1986 \$10,830,000).

Note 10 Contingent Liabilities

The Corporation is involved in a number of legal proceedings. Claims against the Corporation in these proceedings, which have not been reflected in the financial statements, amount to \$5,700,000 (1986 \$5,780,000). While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of management that the disposition of these cases will not have a materially adverse effect on the financial position of the Corporation. Any settlement would be a charge to income in the year the settlement occurs.

Note 11 Comparative Figures

The 1986 figures have been restated where necessary to conform to 1987 presentation.

Note 12 Approval of Financial Statements

These financial statements have been prepared and approved by management.

ALBERTA MORTGAGE AND HOUSING CORPORATION
CORPORATE ACCOUNT
SCHEDULE OF INVESTMENTS
AS AT MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|----------------------------------|--------------------|--------------------|
| Land Programs | \$ 125,775 | \$ 207,388 |
| Housing Programs | | |
| Senior citizens' self contained | 607,525 | 597,729 |
| Community housing | 338,328 | 291,526 |
| Senior citizens' lodges | 124,962 | 123,257 |
| Industrial and mobile home parks | 52,763 | 52,784 |
| Provincial staff housing | 23,077 | 23,792 |
| Other | 20,485 | 21,251 |
| | <u>1,167,140</u> | <u>1,110,339</u> |
| Less: Amortization | 58,988 | 49,840 |
| | <u>1,108,152</u> | <u>1,060,499</u> |
| Mortgages and Loans Receivable | | |
| Home-ownership | 1,029,762 | 1,181,539 |
| Rental | 1,252,983 | 1,248,211 |
| Land | 122,645 | 112,771 |
| | <u>2,405,390</u> | <u>2,542,521</u> |
| | <u>\$3,639,317</u> | <u>\$3,810,408</u> |

ALBERTA MORTGAGE AND HOUSING CORPORATION
CORPORATE ACCOUNT
SCHEDULE OF LONG-TERM DEBT
AS AT MARCH 31, 1987
(thousands of dollars)

| Particulars | Year of Maturity | Weighted Average Interest Rate % | Principal Outstanding | |
|---|---------------------|---|-----------------------|--------------------|
| | | | 1987 | 1986 |
| Debentures payable | | | | |
| - Province of Alberta (1) | | | | |
| | 1988 | 11.15 | \$ 31,781 | \$ 48,303 |
| | 1989 | 12.95 | 77,667 | 99,986 |
| | 1990 | 11.34 | 229,735 | 275,539 |
| | 1991 | 11.57 | 124,396 | 110,725 |
| | 1992 | 9.95 | 31,467 | 34,441 |
| | 1993 | 11.85 | 101,682 | 109,701 |
| | 1994 | 9.57 | 37,194 | 77,515 |
| | 1995 | 15.13 | 56,338 | 41,505 |
| | 1997 | 14.57 | 61,567 | 63,958 |
| | 2001 | 9.83 | 420,860 | 428,766 |
| | 2002 | 14.27 | 236,946 | 312,984 |
| | 2003 | 12.54 | 303,569 | 308,980 |
| | 2004 | 14.01 | 77,696 | 78,712 |
| | 2005 | 8.95 | 76,009 | 80,000 |
| | 2006 | 9.52 | 503,580 | 361,568 |
| | 2007 | 12.39 | 225,768 | 168,194 |
| | 2008 | 10.83 | 108,344 | 109,640 |
| | 2009 | 10.52 | 33,052 | 33,406 |
| | 2010 | 12.77 | 87,875 | 88,455 |
| | 2011 | 15.42 | 173,031 | 158,638 |
| | 2012 | 15.06 | 141,314 | 138,799 |
| | 2013 | 12.53 | 236,470 | 237,611 |
| | 2015 | 12.51 | 19,852 | 19,930 |
| | | | <u>3,396,193</u> | <u>3,387,356</u> |
| - Canada Mortgage and Housing Corporation (2) | | | | |
| | 1990 | 8.63 | 14 | 18 |
| | 1998 | 5.81 | 1,859 | 1,965 |
| | 2000 | 8.00 | 379 | 395 |
| | 2001 | 8.00 | 351 | 365 |
| | 2022 | 7.85 | 2,622 | 2,636 |
| | 2023 | 7.55 | 8,121 | 8,219 |
| | 2024 | 7.88 | 2,756 | 2,768 |
| | 2025 | 8.03 | 4,835 | 4,854 |
| | 2026 | 8.01 | 15,518 | 15,576 |
| | 2027 | 9.47 | 21,993 | 22,043 |
| | 2028 | 9.97 | 25,934 | 25,979 |
| | 2029 | 9.58 | 21,055 | 21,093 |
| | 2030 | 9.54 | 4,624 | 4,632 |
| | | | <u>110,061</u> | <u>110,543</u> |
| - Other (1) | 1988 | 11.17 | <u>21,332</u> | <u>30,381</u> |
| Mortgages and Agreements for sale (3) | | | | |
| - Province of Alberta | Various | | 2,628 | 3,153 |
| - Other | Various | | 585 | 778 |
| | | | <u>3,213</u> | <u>3,931</u> |
| | | | <u>\$3,530,799</u> | <u>\$3,532,211</u> |

Notes:

1. Debentures with the Province of Alberta represent the investment of the Alberta Heritage Savings Trust Fund. Debentures with the Province of Alberta and other are at interest rates ranging from 7.57% to 18.05% and are repayable by annual or semi-annual equal installments comprising of principal and interest. Interest rates are redetermined every five years on debentures having an aggregate principal balance outstanding of \$2,540,831,000 (1986 \$2,576,565,000) and annually on debentures having an aggregate principal balance outstanding of \$173,421,000 (1986 \$130,000,000).
2. Debentures with Canada Mortgage and Housing Corporation are at interest rates ranging from 5.75% to 10.0% and are repayable by annual or semi-annual installments comprising principal and interest.
3. Mortgages and agreements for sale are at various interest rates and are repayable by equal monthly or annual installments comprising principal and interest. Mortgages are secured against certain investments in projects.
4. Approximate aggregate principal repayments due in each of the next five years are:

| | <u>1987</u> | <u>1986</u> |
|---------|------------------------|-------------|
| | (thousands of dollars) | |
| 1986/87 | — | 170,470 |
| 1987/88 | 198,446 | 181,567 |
| 1988/89 | 213,492 | 198,413 |
| 1989/90 | 203,080 | 190,557 |
| 1990/91 | 183,414 | 173,214 |
| 1991/92 | 126,479 | — |

5. The repayment of principal and interest of any borrowings of the Corporation is guaranteed by the Province of Alberta.

Schedule 3

ALBERTA MORTGAGE AND HOUSING CORPORATION
CORPORATE ACCOUNT
SCHEDULE OF ADMINISTRATION EXPENSES
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|--|-----------------|-----------------|
| Manpower | \$17,511 | \$17,838 |
| Services | 4,083 | 4,153 |
| Purchase of fixed assets | 1,518 | 2,026 |
| Travel and communications | 1,475 | 1,592 |
| Materials and supplies | 660 | 762 |
| Staff recruitment, relocation and training | 182 | 279 |
| Staff housing subsidy | 21 | 72 |
| Bad debts expense | 14 | 808 |
| Directors' fees | 12 | 16 |
| Miscellaneous | 46 | 55 |
| | <u>\$25,522</u> | <u>\$27,601</u> |

ALBERTA MORTGAGE AND HOUSING CORPORATION
MORTGAGE INSURANCE FUND
BALANCE SHEET
AS AT MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|------------------------------|-------------------|-------------------|
| ASSETS | | |
| Cash | \$ 8,434 | \$ 1,958 |
| Accounts receivable | 405 | 898 |
| Accrued interest receivable | 828 | 1,647 |
| Real estate (Note 3) | 218,848 | 202,323 |
| Investments (Note 4) | 37,657 | 60,437 |
| | <u>\$ 266,172</u> | <u>\$ 267,263</u> |
| LIABILITIES | | |
| Accounts payable | \$ 1,559 | \$ 900 |
| Due to Corporate Account | 226,046 | 221,697 |
| Allowance for loss on claims | 360,000 | 282,296 |
| Unearned premium | 9,342 | 10,555 |
| | 596,947 | 515,448 |
| Deficit (Note 5) | (330,775) | (248,185) |
| | <u>\$ 266,172</u> | <u>\$ 267,263</u> |

The accompanying notes are part
of these financial statements.

ALBERTA MORTGAGE AND HOUSING CORPORATION
MORTGAGE INSURANCE FUND
STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|---|------------------|------------------|
| REVENUE | | |
| Rental income | \$ 15,440 | \$ 8,319 |
| Investment income | 5,688 | 6,324 |
| Premiums earned | 1,990 | 3,207 |
| Other income | <u>342</u> | <u>238</u> |
| | <u>23,460</u> | <u>18,088</u> |
| EXPENDITURE | | |
| Interest expense to Corporate Account | 33,518 | 32,651 |
| Real estate expenses | 18,498 | 15,635 |
| Loss on Mobile Home Loan Insurance program | 110 | 188 |
| Loss on sale of real estate | 22,437 | 6,631 |
| (Decrease) increase in provision for decline in value of real estate | (32) | 46,890 |
| Increase (decrease) in provision for loss on claims | <u>77,704</u> | <u>(27,704)</u> |
| | <u>152,235</u> | <u>74,291</u> |
| Excess of expenditure over revenue | 128,775 | 56,203 |
| Funded deficit transferred to Corporate Account | <u>46,185</u> | <u>49,179</u> |
| Deficit for the year | 82,590 | 7,024 |
| Deficit at beginning of the year | <u>248,185</u> | <u>241,161</u> |
| Deficit at end of the year (Note 5) | <u>\$330,775</u> | <u>\$248,185</u> |

ALBERTA MORTGAGE AND HOUSING CORPORATION
MORTGAGE INSURANCE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | 1987 | 1986 |
|--|-----------------|------------------|
| Operating transactions: | | |
| Excess of expenditure over revenue | \$(128,775) | \$ (56,203) |
| Non-cash items: | | |
| Amortization of discount on investments | (1,730) | (2,742) |
| Amortization of mortgage insurance premiums | (2,134) | (3,207) |
| Loss on sale of real estate | 22,437 | 6,631 |
| Increase (decrease) in provision for loss on claims | 77,704 | (27,704) |
| (Decrease) increase in provision for decline in value of real estate | (32) | 46,890 |
| | (32,530) | (36,335) |
| Increase in mortgage insurance premiums | 921 | 1,266 |
| Funded deficit transferred to the Corporate Account | 46,185 | 49,179 |
| Decrease (increase) in other assets | 1,312 | (1,351) |
| Increase in amount due to the Corporate Account | 4,349 | 136,775 |
| Increase in other liabilities | 659 | 596 |
| Cash provided by operations | <u>20,896</u> | <u>150,130</u> |
| Investing transactions: | | |
| Real estate acquired upon foreclosure at total claim amount | (97,966) | (161,326) |
| Mobile Homes acquired upon settlement of claims | (1,228) | (16) |
| Purchase of investments | (8,324) | (41,316) |
| Sale and maturity of investments | 32,834 | 36,844 |
| Sale of real estate | 60,058 | 14,806 |
| Sale of mobile homes | 206 | 24 |
| Cash applied to investing transactions | <u>(14,420)</u> | <u>(150,984)</u> |
| Increase (decrease) in cash | 6,476 | (854) |
| Cash at beginning of year | 1,958 | 2,812 |
| Cash at end of the year | <u>\$ 8,434</u> | <u>\$ 1,958</u> |

ALBERTA MORTGAGE AND HOUSING CORPORATION
MORTGAGE INSURANCE FUND ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Mortgage Insurance Fund has been established pursuant to the Alberta Mortgage and Housing Corporation Act ("the Act").

Note 2 Significant Accounting Policies and Reporting Practices

i) These financial statements have been prepared in accordance with generally accepted accounting principles except that buildings designated for rental, held in real estate, are not depreciated.

ii) Other significant accounting policies are as follows:

(a) Allowance for loss on claims

This allowance represents estimated losses on claims in process and claims anticipated on mortgage loans held by the Corporate Account with repayments in arrears by more than 30 days.

For the purposes of determining the allowance, loss on a claim is regarded as the difference between the balance outstanding on the loan, including accrued interest up to the date of foreclosure, and the net realizable value of the mortgaged property.

(b) Premiums

Premiums are charged on all loans issued by the Corporation and Mobile Home Loans issued by approved financial institutions under the Mobile Home Loan Insurance program.

The premiums received are recorded as deferred revenue, and are taken into income using risk factors established by the Government of Canada, Department of Insurance.

(c) Real estate

Real estate consists of properties acquired on settlement of claims and held for sale or rental, and is valued at the lower of cost or net realizable value. Cost comprises the unpaid loan balance, including accrued interest since the last interest compounding date, and holding costs up to the date of possession.

Net realizable value is the market value as appraised by the Corporation less estimated selling expenses. The appraisal is subject to annual review.

(d) Investments

Investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investment.

(e) Administration expenses

Expenses incurred in administering the Fund are borne by the Corporate Account and hence are not reflected in the Fund's statement of revenue and expenditure.

(f) Interest Expense to Corporate Account

A portion of the total interest expense incurred on debentures recorded in the Corporate Account is allocated to the mortgage insurance fund. The interest expense allocated is based on the monthly average debenture interest rate applied to the original loan amount associated with the Real Estate.

Note 3 Real Estate

Real estate is summarized as follows:

| | 1987 | | 1986 |
|-----------------------|------------------------|--|------------------|
| | Real Estate at Cost | Provision for Revaluation Net | Net |
| | | (thousands of dollars) | |
| Designated for rental | \$252,607 | \$ 84,968 | \$167,639 |
| Designated for sale | 82,541 | 31,332 | 51,209 |
| | <u>\$335,148</u> | <u>\$116,300</u> | <u>\$218,848</u> |
| 1986 totals | <u>\$318,655</u> | <u>\$116,332</u> | <u>\$202,323</u> |

The provision for revaluation represents the excess of cost over net realizable value.

Note 4 Investments

Investments are summarized as follows:

| | 1987 Par Value | 1987 Cost | 1986 Cost |
|---|------------------------|-----------------|-----------------|
| | (thousands of dollars) | | |
| Treasury bills and coupon notes | \$13,919 | \$12,143 | \$32,652 |
| Bonds and debentures: | | | |
| Government of Canada | 22,100 | 22,516 | 24,291 |
| Provincial issues, direct and guaranteed | <u>3,000</u> | <u>2,998</u> | <u>3,494</u> |
| | <u>\$39,019</u> | <u>\$37,657</u> | <u>\$60,437</u> |
| 1986 Par value | <u>\$63,769</u> | | |

Approximate market value is \$38,739,000 (1986 \$61,126,000)

Note 5 Deficit

The deficit of the Fund is transferred to the Corporate Account except for amounts representing provisions for decline in value of assets of the Corporation recorded in the Fund and excluded from the operating deficit by the Provincial Treasurer pursuant to section 14 of the Act. The amount so excluded from the operating deficit, is recorded and retained as deficit of the Fund.

Note 6 Insurance in Force

The total amount of loans insured at March 31, 1987 was \$2,330,143,000 (1986 \$2,447,691,000).

Note 7 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 8 Approval of Financial Statements

These financial statements have been prepared and approved by management.

ALBERTA SPORT COUNCIL
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds - Operating
Statement of Revenue, Expenditure and Unexpended Funds - Alberta Olympic Game Plan
Notes to the Financial Statements
Schedule of Technical Development Programs Expenditure - Operating
Schedule of Alberta Games and Competitions Expenditure - Operating
Schedule of Zone Sport Development Programs Expenditure - Operating
Schedule of Public Relations and Promotion Expenditure - Operating
Schedule of Administration Expenditure - Operating

AUDITOR'S REPORT

To the Members of the
Alberta Sport Council

I have examined the balance sheet of the Alberta Sport Council as at March 31, 1987 and statements of revenue, expenditure and unexpended funds - operating and revenue, expenditure and unexpended funds - Alberta Olympic Game Plan for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances, except as explained in the following paragraph.

In common with similar organizations, the Council derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the Council and I was not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenditure, assets and unexpended funds.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of revenue from donations as referred to in the preceding paragraph, these financial statements present fairly the financial position of the Council as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
August 28, 1987

ALBERTA SPORT COUNCIL
BALANCE SHEET
MARCH 31, 1987

| | 1987 | 1986 |
|------------------------------------|--------------------|--------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 52,124 | \$ — |
| Term deposits and Treasury bills | 7,157,332 | 7,339,764 |
| Accrued interest receivable | 293,256 | 214,889 |
| Accounts receivable | 30,830 | 186,585 |
| Prepaid expenses | 17,877 | 15,470 |
| | <u>7,551,419</u> | <u>7,756,708</u> |
| Fixed assets (Note 3) | 140,310 | 159,462 |
| | <u>\$7,691,729</u> | <u>\$7,916,170</u> |
| LIABILITIES AND SURPLUS | | |
| Current: | | |
| Bank overdraft | \$ — | \$ 160,915 |
| Grants and accounts payable | 487,595 | 480,176 |
| | <u>487,595</u> | <u>641,091</u> |
| Unexpended funds: | | |
| Operating | 5,382,995 | 4,454,112 |
| Alberta Olympic Game Plan (Note 4) | 1,821,139 | 2,820,967 |
| | <u>7,204,134</u> | <u>7,275,079</u> |
| | <u>\$7,691,729</u> | <u>\$7,916,170</u> |

The accompanying notes are part
of these financial statements.

ALBERTA SPORT COUNCIL
STATEMENT OF REVENUE, EXPENDITURE AND
UNEXPENDED FUNDS - OPERATING
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|--|--------------------|--------------------|
| REVENUE | | |
| Western Canada Lottery Corporation | \$6,625,000 | \$5,462,500 |
| Grants from the Province of Alberta, General Revenue Fund | 472,300 | 472,300 |
| Investment income | 460,888 | 401,992 |
| Donations | 250,940 | 236,725 |
| Registration and other fees | 37,188 | 44,778 |
| | <u>7,846,316</u> | <u>6,618,295</u> |
| EXPENDITURE | | |
| Technical development programs, Schedule 1 | 4,121,269 | 3,878,176 |
| Alberta games and competitions, Schedule 2 | 641,929 | 1,313,144 |
| Zone sport development programs, Schedule 3 | 1,331,594 | 1,180,021 |
| Public relations and promotion, Schedule 4 | 329,786 | 238,494 |
| Administration, Schedule 5 | 492,855 | 411,369 |
| | <u>6,917,433</u> | <u>7,021,204</u> |
| Excess of revenue over expenditure | 928,883 | (402,909) |
| Unexpended funds at beginning of year | 4,454,112 | 4,857,021 |
| Unexpended funds at end of year | <u>\$5,382,995</u> | <u>\$4,454,112</u> |

ALBERTA SPORT COUNCIL
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS -
ALBERTA OLYMPIC GAME PLAN
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|--|--------------------|--------------------|
| REVENUE | | |
| Investment income | \$ 210,989 | \$ 367,986 |
| EXPENDITURE | | |
| Provincial Olympic winter sport associations | 860,921 | 869,162 |
| Special projects | 140,974 | 75,000 |
| Winter Festival Championships | 132,282 | 917 |
| Program delivery costs: | | |
| Salaries and benefits | 58,620 | 87,611 |
| Travel and committee | 18,020 | 14,766 |
| | <u>1,210,817</u> | <u>1,047,456</u> |
| Excess of expenditure over revenue | (999,828) | (679,470) |
| Unexpended funds at beginning of year | 2,820,967 | 3,500,437 |
| Unexpended funds at end of year | <u>\$1,821,139</u> | <u>\$2,820,967</u> |

ALBERTA SPORT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Sport Council operates under the authority of the Alberta Sport Council Act, Chapter A37.5, Statutes of Alberta 1983.

Note 2 Significant Accounting Policies and Reporting Practices

Fixed Assets

Fixed assets are recorded at cost with depreciation and amortization provided over the estimated useful life of the assets at rates varying between 20% and 30%. Leasehold improvements are amortized on a straight line basis. Furniture, fixtures and equipment are depreciated on a declining balance basis.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Fixed Assets

Fixed assets are detailed as follows:

| | Cost | Depreciation and Amortization | 1987 Net | 1986 Net |
|------------------------|------------------|-------------------------------------|------------------|------------------|
| Furniture and fixtures | \$186,365 | \$ 88,009 | \$ 98,356 | \$110,515 |
| Sport equipment | 32,921 | 16,767 | 16,154 | 15,127 |
| Leasehold improvements | 56,249 | 30,449 | 25,800 | 33,820 |
| | <u>\$275,535</u> | <u>\$135,225</u> | <u>\$140,310</u> | <u>\$159,462</u> |

Additions to fixed assets during the year totalled \$31,564 (1986 \$61,309).

- Note 4 Alberta Olympic Game Plan
The Sport Council has been entrusted to administer a fund termed the Alberta Olympic Game Plan. The purpose of the fund is to create an awareness of the Olympic sports, provide enrichment funding to provincial sports associations and to provide opportunities to potential Alberta Olympic athletes, coaches and officials.
- Note 5 Supplies, Services and Accommodation
Accommodations, basic office furnishings and certain other administration costs have been borne by the Province of Alberta, General Revenue Fund and other organizations and are not reflected in these financial statements.
- Note 6 Commitments
The Council has commitments under technical development programs and for the hosting of future Alberta Games in the amount of \$679,355 (1986 \$880,000).
- Note 7 Comparative Figures
The 1986 figures have been reclassified where necessary to conform to 1987 presentation.
- Note 8 Approval of Financial Statements
These financial statements were approved by management.

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ALBERTA SPORT COUNCIL
SCHEDULE OF TECHNICAL DEVELOPMENT PROGRAMS
EXPENDITURE - OPERATING
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|--------------------------------|--------------------|--------------------|
| Provincial sport associations | \$2,485,803 | \$2,279,373 |
| Sport Outreach | 547,897 | 519,187 |
| Multi-sport groups | 374,663 | 417,200 |
| Provincial Innovative Projects | 95,955 | 186,147 |
| Technical development grants | 211,081 | 149,573 |
| Intersport conference | 49,914 | 18,819 |
| Program delivery costs: | | |
| Salaries and benefits | 273,055 | 219,576 |
| Travel and committee | 34,607 | 41,096 |
| Office | 48,294 | 47,205 |
| | <u>\$4,121,269</u> | <u>\$3,878,176</u> |

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ALBERTA SPORT COUNCIL
SCHEDULE OF ALBERTA GAMES AND COMPETITIONS
EXPENDITURE - OPERATING
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|-------------------------|-------------------|--------------------|
| Alberta Games | \$ 380,113 | \$1,049,730 |
| Winter festival program | 98,771 | 121,384 |
| Regional Games | 13,644 | 14,700 |
| Program delivery costs: | | |
| Salaries and benefits | 109,765 | 95,482 |
| Travel and committee | 39,636 | 31,848 |
| | <u>\$ 641,929</u> | <u>\$1,313,144</u> |

Schedule 3

ALBERTA SPORT COUNCIL
SCHEDULE OF ZONE SPORT DEVELOPMENT PROGRAMS
EXPENDITURE - OPERATING
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|-----------------------------|---------------------|---------------------|
| Local and regional projects | \$ 886,826 | \$ 809,858 |
| Zone intersport | 12,772 | — |
| Program delivery costs: | | |
| Salaries and benefits | 326,880 | 269,437 |
| Travel and committee | 56,245 | 51,868 |
| Office expense | 48,871 | 48,858 |
| | <u>\$ 1,331,594</u> | <u>\$ 1,180,021</u> |

Schedule 4

ALBERTA SPORT COUNCIL
SCHEDULE OF PUBLIC RELATIONS AND PROMOTION
EXPENDITURE - OPERATING
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---------------------------------------|-------------------|-------------------|
| Audio visual and production costs | \$ 133,738 | \$ 109,345 |
| Alberta Sport Hall of Fame and Museum | 6,680 | — |
| Salaries and benefits | 164,263 | 114,321 |
| Travel and committee | 25,105 | 14,828 |
| | <u>\$ 329,786</u> | <u>\$ 238,494</u> |

Schedule 5

ALBERTA SPORT COUNCIL
SCHEDULE OF ADMINISTRATION
EXPENDITURE - OPERATING
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|-------------------------------|-------------------|-------------------|
| Salaries and benefits | \$ 155,666 | \$ 146,609 |
| Contractors' fees | 78,608 | 78,129 |
| Professional services | 65,733 | 19,553 |
| Office | 72,610 | 65,959 |
| Depreciation and amortization | 50,716 | 40,754 |
| Travel and committee | 69,522 | 60,365 |
| | <u>\$ 492,855</u> | <u>\$ 411,369</u> |

THE RECREATION, PARKS AND WILDLIFE FOUNDATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Notes to the Financial Statements
Schedule of Administrative Expenses

AUDITOR'S REPORT

To the Members of The Recreation, Parks
and Wildlife Foundation

I have examined the balance sheet of The Recreation, Parks and Wildlife Foundation as at March 31, 1987 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances, except as explained in the following paragraph.

In common with similar organizations, the Foundation derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the Foundation and I was not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenditure, assets and unexpended funds.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of revenue from donations as referred to in the preceding paragraph, these financial statements present fairly the financial position of the Foundation as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
September 8, 1987

THE RECREATION, PARKS AND WILDLIFE FOUNDATION
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---------------------------|--------------------|--------------------|
| ASSETS | | |
| Current | | |
| Cash | \$2,495,697 | \$2,253,530 |
| Accountable advance | 10,000 | 10,000 |
| Accounts receivable | <u>7,385</u> | <u>4,559</u> |
| | 2,513,082 | 2,268,089 |
| Fixed assets (Note 3) | <u>30,682</u> | <u>24,868</u> |
| | <u>\$2,543,764</u> | <u>\$2,292,957</u> |
| LIABILITIES | | |
| Current | | |
| Grants payable | \$ 907,546 | \$ 919,740 |
| Accounts payable | <u>2,029</u> | <u>14,320</u> |
| | 909,575 | 934,060 |
| Unexpended funds (Note 4) | <u>1,634,189</u> | <u>1,358,897</u> |
| | <u>\$2,543,764</u> | <u>\$2,292,957</u> |

The accompanying notes are part
of these financial statements.

THE RECREATION, PARKS AND WILDLIFE FOUNDATION
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|--------------------|--------------------|
| REVENUE | | |
| Western Canada Lottery Corporation | \$3,502,538 | \$2,762,500 |
| Interest | 262,455 | 281,909 |
| Donations and project funds | 60,351 | 118,360 |
| Grant from the Province of Alberta, General Revenue Fund | 83,250 | 83,250 |
| Endowment funds | <u>—</u> | <u>2,010</u> |
| | <u>3,908,594</u> | <u>3,248,029</u> |
| EXPENDITURE | | |
| Grants | 3,328,727 | 4,575,834 |
| Administrative expenses, Schedule 1 | <u>304,575</u> | <u>314,914</u> |
| | 3,633,302 | 4,890,748 |
| Excess of revenue over expenditure | 275,292 | (1,642,719) |
| Unexpended funds at beginning of year | <u>1,358,897</u> | <u>3,001,616</u> |
| Unexpended funds at end of year | <u>\$1,634,189</u> | <u>\$1,358,897</u> |

THE RECREATION, PARKS AND WILDLIFE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Recreation, Parks and Wildlife Foundation operates under the authority of the Recreation, Parks and Wildlife Foundation Act, Chapter R-9, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies

Fixed Assets

Fixed assets are recorded at cost less depreciation and amortization. Office furniture and equipment are depreciated on a straight-line basis at rates of 10% and 25% per annum, respectively. Leasehold improvements are amortized over the term of the lease.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Fixed Assets

| | 1987 | | 1986 | |
|------------------------|-----------------|---|-----------------|-----------------|
| | Cost | Accumulated Depreciation and Amortization | Net Book Value | Net Book Value |
| Land | \$ 1 | \$ — | \$ 1 | \$ 1 |
| Office furniture | 31,247 | 8,995 | 22,252 | 16,927 |
| Office equipment | 26,325 | 17,896 | 8,429 | 7,940 |
| Leasehold improvements | 26,569 | 26,569 | — | — |
| | <u>\$84,142</u> | <u>\$53,460</u> | <u>\$30,682</u> | <u>\$24,868</u> |

Additions to fixed assets during the year totalled \$15,520 (1986 - \$8,258). The Foundation received a donation of land for development as a natural park. Under the terms of the bequest, the land must be developed by 1991 or ownership reverts to the estate of the donor. The land, which was appraised by the donor at \$288,000, is reflected in these financial statements at a nominal value of \$1.

Note 4 Unexpended Funds

Unexpended funds are allocated as follows:

| | 1987 | 1986 |
|------------------|--------------------|--------------------|
| Expendable funds | \$1,414,880 | \$1,134,838 |
| Endowment funds | 199,124 | 199,124 |
| Project funds | 20,185 | 24,935 |
| | <u>\$1,634,189</u> | <u>\$1,358,897</u> |

The endowment funds were received from the Alberta Advisory Board on Recreation for the Disabled. Revenue derived from these funds is to be applied to programs previously administered by that organization for a ten year period ending October 1994, after which the funds will become expendable.

Note 5 Supplies, Services and Accommodation

Accommodation, basic office furnishings and certain other administrative costs have been borne by the General Revenue Fund and certain outside organizations and are not reflected in these financial statements.

Note 6 Approval of Financial Statements

The financial statements were approved by management.

THE RECREATION, PARKS AND WILDLIFE FOUNDATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|----------------------------------|------------------|------------------|
| Management fees | \$171,515 | \$158,959 |
| Board members' fees and expenses | 38,101 | 41,472 |
| Newsletter | 32,681 | 30,893 |
| Office supplies and expenses | 23,143 | 24,289 |
| Meetings and entertainment | 10,250 | 11,344 |
| Depreciation and amortization | 9,706 | 19,975 |
| Car expenses and parking | 3,420 | 5,064 |
| Printing and advertising | 3,263 | 4,070 |
| Telephone | 2,636 | 3,739 |
| Travel | 2,297 | 6,477 |
| Delivery and transportation | 1,988 | 1,820 |
| Miscellaneous | <u>5,575</u> | <u>6,812</u> |
| | <u>\$304,575</u> | <u>\$314,914</u> |

ALBERTA RACING COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue Surplus
Statement of Revenue and Expenditure - Operations
Statement of Revenue and Expenditure - Development
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the
Alberta Racing Commission

I have examined the balance sheet of the Alberta Racing Commission as at March 31, 1987 and the statements of revenue surplus, revenue and expenditure - operations and revenue and expenditure - development for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 10, 1987

ALBERTA RACING COMMISSION
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|---------------------------|-------------------------|
| ASSETS | | |
| Current: | | |
| Cash (Note 3) | \$ 925,173 | \$763,497 |
| Accounts receivable | 32,581 | 3,534 |
| Prepaid expenses | <u>15,376</u> | <u>15,013</u> |
| | 973,130 | 782,044 |
| Fixed: | | |
| Equipment, at cost | <u>62,247</u> | <u>58,312</u> |
| | <u><u>\$1,035,377</u></u> | <u><u>\$840,356</u></u> |
| LIABILITIES AND EQUITY | | |
| Current: | | |
| Accounts payable (Note 4) | \$ 296,531 | \$286,961 |
| Deferred revenue | 15,950 | 10,730 |
| Improvement grant payable | <u>—</u> | <u>26,078</u> |
| | 312,481 | 323,769 |
| Other: | | |
| Standard-bred Sires Stakes Registration | 27,638 | 26,146 |
| Contributions refundable to the Province of Alberta (Note 4) | <u>—</u> | <u>119,536</u> |
| | 27,638 | 145,682 |
| Equity: | | |
| Reserves (Note 5) | 520,975 | 230,975 |
| Capital surplus arising from purchase of fixed assets | <u>62,247</u> | <u>58,312</u> |
| Revenue surplus | <u>112,036</u> | <u>81,618</u> |
| | 695,258 | 370,905 |
| | <u><u>\$1,035,377</u></u> | <u><u>\$840,356</u></u> |

The accompanying notes are part
of these financial statements.

ALBERTA RACING COMMISSION
STATEMENT OF REVENUE SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|-------------------------|-------------------------|
| Revenue surplus at beginning of year | \$ 81,618 | \$ 35,724 |
| Add: Excess of revenue over expenditure for the year - development | 320,418 | 45,894 |
| Less: Transfers to reserves (Note 5) | <u>(290,000)</u> | <u>—</u> |
| Revenue surplus at end of year | <u><u>\$112,036</u></u> | <u><u>\$ 81,618</u></u> |

ALBERTA RACING COMMISSION
STATEMENT OF REVENUE AND EXPENDITURE - OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|------------------|------------------|
| Revenue: | | |
| Contribution by the Province of Alberta | \$ 623,577 | \$ 662,359 |
| Assessments, licenses and fines | 248,554 | 193,761 |
| Interest | 183,414 | 179,213 |
| Miscellaneous | 2,347 | 2,538 |
| | <u>1,057,892</u> | <u>1,037,871</u> |
| Expenditure: | | |
| Administrative salaries | 259,538 | 271,256 |
| Veterinarians' fees | 175,782 | 179,474 |
| Judges' fees | 129,606 | 116,657 |
| Commissioners' honoraria | 125,556 | 124,160 |
| Stewards' fees | 121,958 | 114,101 |
| Travelling | 95,183 | 84,227 |
| Employee benefits | 48,195 | 46,390 |
| Office | 30,599 | 21,214 |
| Hearings and appeals | 18,075 | 12,447 |
| Licensee identification equipment and supplies | 18,048 | 14,138 |
| Human toxicology | 10,502 | 6,300 |
| Security services, equipment and supplies | 2,779 | 5,099 |
| Legal fees | 867 | 5,205 |
| Industry promotion | — | 20,000 |
| Miscellaneous | 21,204 | 17,203 |
| | <u>1,057,892</u> | <u>1,037,871</u> |
| | <u>\$ —</u> | <u>\$ —</u> |

ALBERTA RACING COMMISSION
STATEMENT OF REVENUE AND EXPENDITURE - DEVELOPMENT
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|-------------------|------------------|
| Revenue: | | |
| Contribution by the Province of Alberta | \$6,681,101 | \$3,160,241 |
| Expenditure: | | |
| Purse supplements | 4,066,695 | 1,882,976 |
| Breeders' premium | 1,923,895 | 845,597 |
| Grants to operators and associations | 328,887 | 344,330 |
| Equine research | 23,151 | 24,514 |
| Tattooing | 18,055 | 16,930 |
| | <u>6,360,683</u> | <u>3,114,347</u> |
| Excess of revenue over expenditure | <u>\$ 320,418</u> | <u>\$ 45,894</u> |

ALBERTA RACING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Racing Commission operates under the authority of the Racing Commission Act, Chapter R-1, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies and Reporting Practices

General

These financial statements have been prepared in accordance with generally accepted accounting principles except that no depreciation has been provided on fixed assets as purchases are charged to operations in the year of acquisition. Fixed assets are shown on the balance sheet at original cost with the offsetting credit to capital surplus.

Contributions by the Province of Alberta

The Commission receives contributions from a supply vote of the Department of Solicitor General of the Province of Alberta equivalent to 80% (1986 40%) of the Alberta pari-mutuel tax for the previous year. Contributions are allocated firstly to operations and thereafter to development.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Cash

Cash includes deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta as follows:

| | <u>1987</u> | <u>1986</u> |
|---|-------------|-------------|
| Deposit Account - Operations | 724,973 | 563,297 |
| Deposit Account - Revenue Stabilization | 200,000 | 200,000 |

Note 4 Contributions Refundable to the Province of Alberta

For a number of years contributions by the Province of Alberta were based on estimated total wagering in the Province but were adjusted to actual during 1984-85. This adjustment resulted in \$358,609 being repayable to the Province in three annual installments commencing in 1985-86. The installment payable during the ensuing year, in the amount of \$119,536 (1986 \$119,537), is included in accounts payable.

Note 5 Reserves

The balances and transfers pertaining to reserves appropriated from revenue surplus by resolutions of the Members of the Commission are summarized as follows:

| | Balance at beginning of year | Transfers from revenue surplus | Balance at end of year |
|---------------------------|------------------------------------|--------------------------------------|------------------------------|
| Revenue Stabilization | \$200,000 | \$100,000 | \$300,000 |
| Equine Hospital Equipment | 30,975 | — | 30,975 |
| Thoroughbred support | — | 47,000 | 47,000 |
| Harness support | — | 100,000 | 100,000 |
| Community support | — | 43,000 | 43,000 |
| | <u>\$230,975</u> | <u>\$290,000</u> | <u>\$520,975</u> |
| 1986 comparative figures | <u>\$230,975</u> | <u>\$ —</u> | <u>\$230,975</u> |

Note 6 Administration Expenses

Operations expenditure does not include the cost of certain office accommodation and office furniture which are provided at no cost by the Province of Alberta.

Note 7 Comparative Figures

The 1986 comparative figures have been reclassified where necessary to conform to 1987 presentation.

Note 8 Approval of Financial Statements

These financial statements were approved by management.

THE ALBERTA EDUCATIONAL COMMUNICATIONS CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expense and Operating Equity
Statement of Equity in Fixed Assets
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Directors of The Alberta Educational Communications Corporation
and the Members of The Alberta Educational Communications Authority

I have examined the balance sheet of The Alberta Educational Communications Corporation as at March 31, 1987 and the statements of revenue, expense and operating equity, equity in fixed assets and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied, after giving retroactive effect to the change in the basis of recording capital grants, unexpended capital grants and depreciation as described in Note 3 to the financial statements, on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
June 12, 1987

THE ALBERTA EDUCATIONAL COMMUNICATIONS CORPORATION
BALANCE SHEET
MARCH 31, 1987

| | 1987 | 1986 |
|---------------------------------|--------------------|---------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 429,945 | \$ 1,101,122 |
| Receivables (Note 4) | 282,039 | 367,718 |
| Inventories | 78,628 | 131,653 |
| Prepaid expenses | 5,890 | 141,492 |
| | <u>796,502</u> | <u>1,741,985</u> |
| Deferred program costs (Note 5) | 1,699,022 | 1,568,532 |
| Fixed assets (Note 6) | 5,436,877 | 6,621,380 |
| Long-term licences (Note 7) | 142,105 | 299,216 |
| | <u>\$8,074,506</u> | <u>\$10,231,113</u> |
| LIABILITIES AND EQUITY | | |
| Current: | | |
| Payables and accruals | \$1,591,158 | \$ 1,693,946 |
| Unexpended capital grants | 619,101 | 265,931 |
| Deferred revenue | 6,767 | 6,120 |
| Production credits | — | 7,440 |
| Advances on production (Note 8) | 177,080 | 131,168 |
| | <u>2,394,106</u> | <u>2,104,605</u> |
| Long-term payables (Note 5) | 113,409 | 91,597 |
| Equity: | | |
| Operating | 130,114 | 1,413,531 |
| In fixed assets | 5,436,877 | 6,621,380 |
| | <u>5,566,991</u> | <u>8,034,911</u> |
| | <u>\$8,074,506</u> | <u>\$10,231,113</u> |

The accompanying notes are part
of these financial statements.

THE ALBERTA EDUCATIONAL COMMUNICATIONS CORPORATION
STATEMENT OF REVENUE, EXPENSE AND OPERATING EQUITY
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|--|-------------------|---------------------|
| Revenue: | | |
| Operating grant from the Province of Alberta | \$15,019,000 | \$14,860,000 |
| Direct costs recovered on production of programs | 250,460 | 666,140 |
| Revenue from program sales, video and audio dubbing (Note 10) | 738,468 | 694,283 |
| Interest on cash deposits | 239,448 | 386,015 |
| Corporate underwriting | 138,990 | 13,925 |
| Other | 83,159 | 87,065 |
| | <u>16,469,525</u> | <u>16,707,428</u> |
| Expense: | | |
| Development and production | 8,571,274 | 7,598,491 |
| Utilization and distribution | 5,012,622 | 5,249,142 |
| Program support | 4,169,046 | 3,983,374 |
| | <u>17,752,942</u> | <u>16,831,007</u> |
| Excess of expense over revenue | (1,283,417) | (123,579) |
| Operating equity at beginning of year | 1,413,531 | 1,537,110 |
| Operating equity at end of year | <u>\$ 130,114</u> | <u>\$ 1,413,531</u> |

THE ALBERTA EDUCATIONAL COMMUNICATIONS CORPORATION
STATEMENT OF EQUITY IN FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|---|--------------------|--------------------|
| Equity in fixed assets at beginning of year | \$6,621,380 | \$6,680,128 |
| Add: | | |
| Unexpended capital grants at beginning of year | 265,931 | 557,014 |
| Capital grant from the Province of Alberta received during year | 1,300,000 | 1,459,000 |
| Unexpended capital grants at end of year | (619,101) | (265,931) |
| Proceeds on sale of fixed assets | 78,616 | 29,613 |
| Total funds used to acquire fixed assets | <u>1,025,446</u> | <u>1,779,696</u> |
| Deduct: | | |
| Depreciation and amortization of fixed assets | 2,106,456 | 1,474,446 |
| Disposal of fixed assets | 103,493 | 72,775 |
| Write-off of fixed assets | <u>—</u> | <u>291,223</u> |
| | <u>2,209,949</u> | <u>1,838,444</u> |
| Equity in fixed assets at end of year | <u>\$5,436,877</u> | <u>\$6,621,380</u> |

THE ALBERTA EDUCATIONAL COMMUNICATIONS CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|---|--------------------|---------------------|
| Operating activities: | | |
| Excess of expense over revenue | \$(1,283,417) | \$ (123,579) |
| Add (deduct) items not affecting cash: | | |
| Amortization of long-term licences | 98,279 | 83,872 |
| Amortization of deferred program costs | 1,281,769 | 1,128,333 |
| Loss on disposal of long-term licences | 95,317 | — |
| Net changes in non-cash working capital balances relating to operations (Note 11) | <u>210,637</u> | <u>(161,797)</u> |
| Cash provided by operations | <u>402,585</u> | <u>926,829</u> |
| Investing activities: | | |
| Additions to deferred program costs | (1,412,259) | (1,320,941) |
| Additions to fixed assets | (1,025,446) | (1,779,696) |
| Additions to long-term licences | (86,485) | (66,167) |
| Capital grant from the Province of Alberta | 1,300,000 | 1,459,000 |
| Proceeds on sale of fixed assets | 78,616 | 29,613 |
| Proceeds on sale of long-term licences | 50,000 | — |
| Increase (decrease) in long-term payables | <u>21,812</u> | <u>(149,707)</u> |
| Cash applied to investing activities | <u>(1,073,762)</u> | <u>(1,827,898)</u> |
| Decrease in cash | 671,177 | 901,069 |
| Cash at beginning of year | <u>1,101,122</u> | <u>2,002,191</u> |
| Cash at end of year | <u>\$ 429,945</u> | <u>\$ 1,101,122</u> |

THE ALBERTA EDUCATIONAL COMMUNICATIONS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Educational Communications Corporation operates under the authority of the Alberta Educational Communications Corporation Act, Chapter A-18, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles except that depreciation and amortization of fixed assets are charged against equity in fixed assets.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and amortization. An equivalent amount is reported as equity in fixed assets.

Depreciation is calculated using the straight-line method as follows:

| | 1987 | | 1986 | |
|--|----------------------|----------------------------|----------------------|----------------------------|
| | Years of Useful Life | Salvage Value as % of Cost | Years of Useful Life | Salvage Value as % of Cost |
| Buildings | 30 | — | 30 | — |
| Land improvements | 10 | — | 10 | — |
| Studio and technical equipment | 7 | 5% | 5 | 15% |
| Automotive | 5 | 15% | 3 | 30% |
| Mobile equipment | 7 | 5% | 5 | 15% |
| Furniture, fixtures and office equipment | 7 | 5% | 7 | 15% |

Leasehold improvements are amortized on the straight-line basis over the remaining term of the lease plus one renewal period.

Effective April 1, 1986 the Corporation increased the estimated useful lives of studio and technical equipment, automotive and mobile equipment. In addition, the salvage values for all equipment were reduced. The effect of these changes was to increase 1987 depreciation by approximately \$100,000 over what would have been calculated using the previous criteria.

Deferred program costs

Programs purchased from other agencies are recorded at cost less amortization calculated using diminishing annual rates as a percentage of cost over the period (to a maximum of four years) for which the right to use the program has been acquired.

Long-term licences

The long-term licences are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method over a term of twenty years for the broadcast licence and five years for the computer software licence.

Inventories

Inventories consist of video and audio tapes and disks and are recorded at the lower of cost and net realizable value.

Program productions

All direct costs of programs developed and produced by the Corporation are charged against operations in the year they are incurred as no significant cost recoveries are normally expected from these programs after the initial year of production and broadcasting.

Note 3 Change in Accounting Policy

During the year the Corporation retroactively adopted a policy of disclosing equity in fixed assets as a separate component of equity. Whereas depreciation, other charges to fixed assets and capital grants from the Province of Alberta were previously included in the statement of revenue, expense and equity, these amounts are now recorded in the statement of equity in fixed assets. The effect of this change was to reduce the excess of expense over revenue from that recorded using the former policy by \$831,333 for 1987 (1986 \$349,831). In addition, total equity at March 31, 1987 has been reduced by the amount of unexpended capital grants of \$619,101 (1986 \$265,931).

Note 4 Receivables

| | 1987 | 1986 |
|----------------------|------------------|------------------|
| Trade | \$245,349 | \$282,167 |
| Accountable advances | 4,310 | 11,900 |
| Other | 32,380 | 73,651 |
| | <u>\$282,039</u> | <u>\$367,718</u> |

Note 5 Deferred Program Costs and Liabilities

| | 1987 | 1986 |
|--|--------------------|--------------------|
| Cost | \$4,153,488 | \$2,760,806 |
| Accumulated amortization | 2,454,466 | 1,192,274 |
| Net book value | <u>\$1,699,022</u> | <u>\$1,568,532</u> |
| Total liabilities relating to deferred program costs | \$ 452,581 | \$ 660,531 |
| Less portion due within one year | 339,172 | 568,934 |
| Long-term payables | <u>\$ 113,409</u> | <u>\$ 91,597</u> |

The liabilities are pursuant to written agreements which provide for interest free payments over a maximum of two years. There are no specific security provisions.

Note 6 Fixed Assets

| | 1987 | | 1986 | |
|--|---------------------|---|--------------------|--------------------|
| | Cost | Accumulated Depreciation and Amortization | Net Book Value | Net Book Value |
| Buildings and land improvements | \$ 301,998 | \$ 121,616 | \$ 180,382 | \$ 189,594 |
| Studio and technical equipment | 11,051,910 | 7,401,516 | 3,650,394 | 4,533,091 |
| Automotive and mobile equipment | 515,817 | 444,652 | 71,165 | 190,228 |
| Furniture, fixtures and office equipment | 1,550,663 | 743,061 | 807,602 | 890,670 |
| Leasehold improvements | 1,808,336 | 1,081,002 | 727,334 | 817,797 |
| | <u>\$15,228,724</u> | <u>\$9,791,847</u> | <u>\$5,436,877</u> | <u>\$6,621,380</u> |

Note 7 Long-term Licences

| | 1987 | | 1986 | |
|----------------------------|------------------|--------------------------|------------------|------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Broadcast licence | \$ 90,000 | \$ 34,500 | \$ 55,500 | \$ 60,000 |
| Computer software licences | 112,345 | 25,740 | 86,605 | 239,216 |
| | <u>\$202,345</u> | <u>\$ 60,240</u> | <u>\$142,105</u> | <u>\$299,216</u> |

Note 8 Advances on Production

Advances are received from educational institutions towards costs of future program production. Production costs relating to these programs are charged against the advances received.

Note 9 Commitments

The Corporation had a number of productions in progress at March 31, 1987. The costs for the completion of these productions in progress are estimated at \$894,003 (1986 \$1,870,000).

The Corporation is committed to aggregate rental payments of \$6,168,335 under realty and equipment leases. Minimum annual rental payments during the next five fiscal years are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 1988 | \$2,098,000 |
| 1989 | 834,000 |
| 1990 | 807,000 |
| 1991 | 794,000 |
| 1992 | 753,000 |

Note 10 Revenue from Program Sales, Video and Audio Dubbing

Program sales revenue is generated from the sale of educational television and radio programs to organizations resident outside the Province of Alberta. Revenue from program sales during the fiscal year amounted to \$218,086 (1986 \$162,634).

Audio and video tape required for the dubbing of programs requested by various educational institutions in Alberta is provided by the Corporation at cost. The tape costs recovered during the year amounted to \$330,148 (1986 \$370,996).

Other sales revenue in the amount of \$190,234 (1986 \$160,653) is generated from dubbing services provided, and the distribution of computer diskettes, print materials, multi-media kits, and program brochures.

Note 11 Net Changes in Non-cash Working Capital Balances Relating to Operations

| | <u>1987</u> | <u>1986</u> |
|------------------------|-------------------|--------------------|
| Receivables | \$ 85,679 | \$ (97,017) |
| Inventories | 53,025 | 11,883 |
| Prepaid expenses | 135,602 | 44,100 |
| Payables and accruals | (102,788) | (4,902) |
| Deferred revenue | 647 | (5,664) |
| Production credits | (7,440) | (5,380) |
| Advances on production | <u>45,912</u> | <u>(104,817)</u> |
| | <u>\$ 210,637</u> | <u>\$(161,797)</u> |

Note 12 Subsequent Event

Effective April 1, 1987, The Alberta Educational Communications Corporation was approved by Revenue Canada as a registered charitable organization and may now issue income tax receipts for contributions.

Note 13 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 14 Approval of Financial Statements

These financial statements were reviewed by management and the Audit Committee and recommended for approval by the Board.

ALBERTA RESEARCH COUNCIL
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure
and Equity
Notes to the Financial Statements
Schedule of Special Purpose Revenue,
Expenditure and Equity

AUDITOR'S REPORT

To the Board of Directors of the Alberta Research Council

I have examined the balance sheet of the Alberta Research Council as at March 31, 1987 and the statement of revenue, expenditure and equity for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances, except as explained in the following paragraph.

As disclosed in Note 4 to the financial statements, the Council has entered into research contracts which specify that the Council does not receive title to fixed assets purchased until completion of the contract or at the discretion of the sponsor. Since the Council did not identify those fixed assets to which it may not have title, I was unable to determine if any adjustment might be required to the balance sheet to adjust fixed assets and fixed assets equity to reflect ownership of the assets.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to identify assets to which the Council may not have title as described in the preceding paragraph, these financial statements present fairly the financial position of the Council as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
July 17, 1987

C.A.
Auditor General

ALBERTA RESEARCH COUNCIL
BALANCE SHEET
AS AT MARCH 31, 1987
(thousands of dollars)

| | 1987 | 1986 |
|--|-----------------|-----------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 9,618 | \$10,992 |
| Accounts receivable | 3,514 | 5,042 |
| Accrued income receivable | 1,922 | 2,081 |
| Prepaid expenses | 45 | 25 |
| Advances to joint ventures | 410 | 624 |
| | <u>15,509</u> | <u>18,764</u> |
| Non-current: | | |
| Investment in limited partnership (Note 3) | <u>200</u> | <u>200</u> |
| Fixed: | | |
| Equipment (Note 4) | 43,717 | 37,014 |
| | <u>59,426</u> | <u>55,978</u> |
| Trust Fund: | | |
| Cash | 116 | 180 |
| | <u>\$59,542</u> | <u>\$56,158</u> |
| LIABILITIES AND EQUITY | | |
| Current: | | |
| Accounts payable | \$ 4,269 | \$ 3,202 |
| Unearned contract revenue | 2,384 | 938 |
| Promissory note payable (Note 3) | 200 | 100 |
| Obligation under capital lease (Note 6) | 502 | — |
| | <u>7,355</u> | <u>4,240</u> |
| Non-current: | | |
| Unearned contract revenue | 1,230 | 1,100 |
| Obligation under capital lease (Note 6) | 1,093 | — |
| Promissory note payable (Note 3) | — | 100 |
| | <u>2,323</u> | <u>1,200</u> |
| Equity: | | |
| Fixed assets (Note 5) | 42,122 | 37,014 |
| Operating | 2,354 | 6,502 |
| Special purpose, Schedule 1 | 5,272 | 5,486 |
| Capital reserve | — | 1,536 |
| | <u>49,748</u> | <u>50,538</u> |
| | <u>59,426</u> | <u>55,978</u> |
| Trust Fund: | | |
| Trust liability | 116 | 180 |
| | <u>\$59,542</u> | <u>\$56,158</u> |

The accompanying notes are part
of these financial statements.

ALBERTA RESEARCH COUNCIL
STATEMENT OF REVENUE, EXPENDITURE AND EQUITY
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | Operating | Special Purpose (Schedule 1) | Total | |
|--|-----------|------------------------------------|----------|----------|
| | | | 1987 | 1986 |
| REVENUE | | | | |
| Grants from Province of Alberta: | | | | |
| General Revenue Fund | \$19,020 | \$3,810 | \$22,830 | \$26,209 |
| Alberta Heritage Savings Trust Fund | — | 565 | 565 | 1,385 |
| | 19,020 | 4,375 | 23,395 | 27,594 |
| Contract revenue | 15,943 | 261 | 16,204 | 21,251 |
| | 34,963 | 4,636 | 39,599 | 48,845 |
| EXPENDITURE | | | | |
| Natural resources | 11,148 | — | 11,148 | 12,580 |
| Energy resources | 11,139 | — | 11,139 | 11,229 |
| Applied sciences | 5,826 | 1,062 | 6,888 | 6,965 |
| Industrial and engineering research | 4,823 | 1,070 | 5,893 | 3,784 |
| Finance and administration | 4,966 | — | 4,966 | 4,163 |
| Executive offices | 2,456 | — | 2,456 | 1,178 |
| Millwoods/Devon fitting up | — | 825 | 825 | 2,760 |
| Electronics Test Centre | — | 2,182 | 2,182 | 6,092 |
| Office of Science and Technology | — | — | — | 196 |
| | 40,358 | 5,139 | 45,497 | 48,947 |
| Deficiency of revenue over expenditure for the year | (5,395) | (503) | (5,898) | (102) |
| Equity at beginning of year | 6,502 | 5,486 | 11,988 | 13,626 |
| | 1,107 | 4,983 | 6,090 | 13,524 |
| Transfer | (170) | 170 | — | — |
| Transfer (to) from capital reserve | 1,417 | 119 | 1,536 | (1,536) |
| Equity at end of year | \$ 2,354 | \$5,272 | \$ 7,626 | \$11,988 |

ALBERTA RESEARCH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Research Council operates under the authority of the Alberta Research Council Act, Chapter A 35.1, Statutes of Alberta 1981.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

(a) General

These financial statements have been prepared in accordance with generally accepted accounting principles except that purchases of fixed assets are charged to operations in the year of acquisition. Notwithstanding this policy however, fixed assets are shown on the balance sheet at original cost, or at estimated cost, with the offsetting credit to fixed assets equity.

(b) Capital Leases

Assets acquired under capital leases, which transfer substantially all the benefits and risks incident to ownership of the assets, are initially recorded as fixed assets at cost and the related lease obligations are recorded as liabilities. Operations are charged with the capital portion as lease payments are made.

(c) Advances to Joint Ventures

Advances to joint ventures are recorded as assets of the Council. The asset is reduced and a corresponding charge is made to expenditure for the Council's share of joint venture expenses.

(d) Patents

Expenditures for patents owned by the Council as a result of research activity are not capitalized due to the intangible nature of assets that may accrue to the Council.

(e) Contract Revenue Recognition

Contract revenue is recognized as costs are incurred, up to the contract maximum and in accordance with contracted cost sharing ratios. In accordance with generally accepted accounting principles, the Council makes full provision for all known or estimated losses on uncompleted contracts as soon as they can reasonably be estimated. Accordingly, revenue is deferred to future years and matched against costs incurred to complete the project.

(f) Investment

The Council is a minority shareholder of International Permeation Inc. The equity allocated to Council was based upon the technological "know how" acquired by International Permeation Inc. from a former company to which Council provided research and technological expertise and was the majority shareholder.

The Council's equity in the company is not reflected in these financial statements due to the intangible nature of the benefits which may accrue to the Council.

(g) Special Purpose Equity

Special purpose equity is to be used only for future expenditures related to those activities listed on Schedule 1.

(h) Trust Liability

Trust funds are contributions received from other government departments under research agency agreements which specify the Council administer the contributions and provide accounting services.

(i) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Investment in Limited Partnership

The Council has purchased one limited partnership unit in Spurt Investment Fund I, a venture capital fund designed solely to make equity investments in seed and early stage technology enterprises. The partnership unit which cost \$300,000, was acquired with a payment of \$100,000 and a non-interest bearing promissory note requiring payments of \$100,000 on each of October 27, 1986 and 1987. The October 27, 1986 payment was not made at the request of the partnership and is now payable upon demand.

As it is uncertain if any benefits will accrue to the Council, the investment is being written off as payments are made. The amount of the investment is summarized as follows:

| | 1987 | 1986 |
|--------------------------|------------------|------------------|
| Original cost | \$300,000 | \$300,000 |
| Less: Amount written off | <u>100,000</u> | <u>100,000</u> |
| Book value | <u>\$200,000</u> | <u>\$200,000</u> |

Note 4 Fixed Assets

Fixed assets purchased subsequent to April 1, 1981 have been valued at cost. Those purchased prior to April 1, 1981 have been valued at estimated cost by the Council.

Included in fixed assets are certain fixed assets purchased as a result of research contracts which specify that the Council does not receive title to the fixed assets purchased until completion of the contract or at the discretion of the sponsor.

Note 5 Fixed Assets Equity

| | 1987 | 1986 |
|--------------------------------|---------------------|---------------------|
| Balance at beginning of year | \$37,014,483 | \$27,208,354 |
| Add: Additions at cost | 7,132,763 | 10,176,796 |
| | <u>44,147,246</u> | <u>37,385,150</u> |
| Less: | | |
| Obligation under capital lease | 1,594,919 | — |
| Disposals at cost | 430,011 | 370,667 |
| Balance at end of year | <u>\$42,122,316</u> | <u>\$37,014,483</u> |

Note 6 Obligation Under Capital Lease

| | |
|----------------------------|--------------------|
| Year ending March 31, 1988 | \$ 650,220 |
| 1989 | 650,220 |
| 1990 | 596,035 |
| | <u>1,896,475</u> |
| Less: Interest | 301,556 |
| | <u>1,594,919</u> |
| Current portion | 501,893 |
| | <u>\$1,093,026</u> |

Note 7 Obligations Under Operating Leases

| | |
|----------------------------|------------------|
| Year ending March 31, 1988 | \$225,280 |
| 1989 | 189,161 |
| 1990 | 116,787 |
| 1991 | 61,945 |
| 1992 | 47,892 |
| | <u>\$641,065</u> |

Note 8 Occupancy and Office Furniture Expenditure

Occupancy and office furniture have been provided by the Province of Alberta at no cost and are not reflected in these financial statements.

Note 9 Approval of Financial Statements

These financial statements were reviewed by management and recommended to the Board for approval.

ALBERTA RESEARCH COUNCIL
SCHEDULE OF SPECIAL PURPOSE REVENUE, EXPENDITURE AND EQUITY
FOR THE YEAR ENDED MARCH 31, 1987

| | Electronics Test Centre | Office of Science & Technology | Joint Research Venture Initiatives | Millwoods/ Devon Fitting Up | Electronics Industry Information Centre | Bio- technology Toll Facility | Total | |
|--|----------------------------|--------------------------------------|---|-----------------------------------|--|--|--------------------|--------------------|
| | | | | | | | 1987 | 1986 |
| REVENUE | | | | | | | | |
| Grants from Province of Alberta: | | | | | | | | |
| General Revenue Fund | \$ 305,000 | \$ — | \$ — | \$1,000,000 | \$ — | \$2,505,000 | \$3,810,000 | \$7,482,000 |
| Alberta Heritage Savings Trust Fund | 565,000 | — | — | — | — | — | 565,000 | 1,385,000 |
| Contract revenue | 254,987 | — | — | — | 6,034 | — | 261,021 | 72,000 |
| | <u>1,124,987</u> | <u>—</u> | <u>—</u> | <u>1,000,000</u> | <u>6,034</u> | <u>2,505,000</u> | <u>4,636,021</u> | <u>8,939,000</u> |
| EXPENDITURE | | | | | | | | |
| Manpower | 767,010 | — | — | — | 110,408 | 12,928 | 890,346 | 654,000 |
| Supplies and services | 851,946 | 97 | 984,291 | — | 230,486 | 192,454 | 2,259,274 | 2,064,000 |
| Fixed assets | 407,030 | — | — | 824,327 | 16,200 | 585,525 | 1,833,082 | 6,940,000 |
| Overhead | 156,191 | — | — | — | — | — | 156,191 | 91,000 |
| | <u>2,182,177</u> | <u>97</u> | <u>984,291</u> | <u>824,327</u> | <u>357,094</u> | <u>790,907</u> | <u>5,138,893</u> | <u>9,751,000</u> |
| Excess (deficiency) of revenue over expenditure for the year | (1,057,190) | (97) | (984,291) | 175,673 | (351,060) | 1,714,093 | (502,872) | (812,000) |
| Balance at beginning of year | 1,331,275 | 181,322 | 1,366,578 | 2,034,476 | 572,226 | — | 5,485,877 | 6,298,000 |
| Transfer (to) from operating equity | — | — | — | (880,000) | — | 1,050,000 | 170,000 | — |
| Transfer from capital reserve | — | — | — | — | — | 119,000 | 119,000 | — |
| Transfer | — | — | 271,110 | — | — | (271,110) | — | — |
| Balance at end of year | <u>\$ 274,085</u> | <u>\$181,225</u> | <u>\$ 653,397</u> | <u>\$1,330,149</u> | <u>\$ 221,166</u> | <u>\$2,611,983</u> | <u>\$5,272,005</u> | <u>\$5,485,000</u> |

ALBERTA ELECTRIC ENERGY MARKETING AGENCY
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue and Expenditure
Statement of Capital Surplus
Notes to the Financial Statements
Schedule of Operating Expenses

AUDITOR'S REPORT

To the Minister of Transportation and Utilities

I have examined the balance sheet of the Alberta Electric Energy Marketing Agency as at March 31, 1987 and the statements of revenue and expenditure and capital surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Agency as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
April 23, 1987

ALBERTA ELECTRIC ENERGY MARKETING AGENCY
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--------------------------------|-----------------|-----------------|
| ASSETS | | |
| Current: | | |
| Cash | \$65,954 | \$36,368 |
| Fixed: | | |
| Equipment, at cost | <u>33,397</u> | <u>43,173</u> |
| | <u>\$99,351</u> | <u>\$79,541</u> |
| LIABILITIES AND SURPLUS | | |
| Current: | | |
| Accounts payable | \$ 4,576 | \$ 2,038 |
| Due to the Province of Alberta | <u>61,378</u> | <u>34,330</u> |
| | 65,954 | 36,368 |
| Capital surplus | <u>33,397</u> | <u>43,173</u> |
| | <u>\$99,351</u> | <u>\$79,541</u> |

The accompanying notes are part
of these financial statements.

ALBERTA ELECTRIC ENERGY MARKETING AGENCY
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|----------------------|--------------------|
| REVENUE | | |
| Sales of electric energy | \$1,037,874,115 | \$937,774,669 |
| Interest, net | <u>—</u> | <u>15,877</u> |
| | <u>1,037,874,115</u> | <u>937,790,546</u> |
| EXPENDITURE | | |
| Purchases of electric energy | 1,037,874,115 | 937,774,669 |
| Shielding grants | 42,946,924 | 49,521,093 |
| Operating expenses, Schedule 1 | <u>322,952</u> | <u>355,506</u> |
| | <u>1,081,143,991</u> | <u>987,651,268</u> |
| Excess of expenditure over revenue | 43,269,876 | 49,860,722 |
| Contribution by the Province of Alberta | <u>43,269,876</u> | <u>49,860,722</u> |
| | <u>\$ —</u> | <u>\$ —</u> |

ALBERTA ELECTRIC ENERGY MARKETING AGENCY
STATEMENT OF CAPITAL SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|-----------------|-----------------|
| Balance at beginning of year | \$43,173 | \$44,363 |
| Add: Purchases of equipment | <u>—</u> | <u>9,913</u> |
| | 43,173 | 54,276 |
| Less: Equipment transferred to the Department of Transportation and Utilities | <u>9,776</u> | <u>11,103</u> |
| Balance at end of year | <u>\$33,397</u> | <u>\$43,173</u> |

ALBERTA ELECTRIC ENERGY MARKETING AGENCY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Alberta Electric Energy Marketing Agency operates under the authority of the Electric Energy Marketing Act, Chapter E-4.1, Statutes of Alberta 1981, as amended. Shielding grants are paid pursuant to the Department of Transportation and Utilities Act, Chapter D-30, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

(a) General:

These financial statements have been prepared in accordance with generally accepted accounting principles except that purchases of fixed assets are charged to operations in the year of acquisition. Notwithstanding this policy, however, the balance sheet also shows, for information purposes, the cumulative amount of such expenditures in respect of all fixed assets presently owned with a corresponding credit shown as capital surplus.

(b) Changes in Financial Position:

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Administration Costs

Salary, accommodation, basic office furnishing, and other overhead costs incurred in the administration of the Agency have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 4 Approval by the Public Utilities Board

The price at which electric energy is sold to the Alberta Electric Energy Marketing Agency is subject to Public Utilities Board approval. Any subsequent price adjustments by the Board, received by the Agency on or before December 31 in respect of a prior year, are reflected in the following calendar year.

Note 5 Contingency

Certain Public Utilities Board rates established in a previous year were appealed and some payments made to the Agency were conditional pending the conclusion of this matter.

Note 6 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 7 Approval of Financial Statements

These financial statements were approved by management.

Schedule 1

ALBERTA ELECTRIC ENERGY MARKETING AGENCY
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|---|------------------|------------------|
| Salaries and wages | \$243,886 | \$258,506 |
| Legal, consulting and business services | 24,638 | 31,376 |
| Employee benefits | 24,323 | 24,933 |
| Travel and hospitality | 11,246 | 10,401 |
| Equipment rental | 8,776 | 9,117 |
| Freight, postage and telephone | 3,421 | 3,856 |
| Repair and maintenance | 3,499 | 2,890 |
| Printing, stationery and supplies | 2,207 | 3,580 |
| Books and periodicals | 956 | 934 |
| Equipment | — | 9,913 |
| | <u>\$322,952</u> | <u>\$355,506</u> |

ALBERTA RESOURCES RAILWAY CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Operations
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Long-term Debt
Schedule of Sinking Fund Assets

AUDITOR'S REPORT

To the Board of Directors of the
Alberta Resources Railway Corporation

I have examined the balance sheet of the Alberta Resources Railway Corporation as at December 31, 1986 and the statements of operations and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
April 10, 1987

ALBERTA RESOURCES RAILWAY CORPORATION
BALANCE SHEET
DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 416,828 | \$ 1,319,763 |
| Accounts receivable | 263,727 | 243,464 |
| Due from the Province of Alberta | <u>1,960,631</u> | <u>1,594,348</u> |
| | 2,641,186 | 3,157,575 |
| Railway (Note 3) | <u>39,991,217</u> | <u>49,191,648</u> |
| | <u>\$42,632,403</u> | <u>\$52,349,223</u> |
| LIABILITIES AND DEFICIT | | |
| Current: | | |
| Accounts payable | \$ 127,078 | \$ 874,975 |
| Accrued interest payable | 2,514,108 | 2,282,600 |
| Note payable to Provincial Treasurer (Note 4) | <u>163,859</u> | <u>354,136</u> |
| | 2,805,045 | 3,511,711 |
| Long-term debt (Note 5) (Schedule 1) | 39,991,217 | 49,191,648 |
| Deficit (Note 4) | <u>(163,859)</u> | <u>(354,136)</u> |
| | <u>\$42,632,403</u> | <u>\$52,349,223</u> |

The accompanying notes are part
of these financial statements.

ALBERTA RESOURCES RAILWAY CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1986

| | 1986 | 1985 |
|---|-------------------|-------------------|
| Revenue: | | |
| Tonnage rental | \$ 3,745,943 | \$ 2,901,755 |
| Interest | 89,888 | 75,402 |
| Leases | 40,817 | 44,090 |
| Miscellaneous | 14,793 | 14,793 |
| | <u>3,891,441</u> | <u>3,036,040</u> |
| Expenditure: | | |
| Interest on long-term debt | 9,718,938 | 9,848,128 |
| Writedown of railway | 9,333,776 | 9,741,924 |
| Miscellaneous | 51,359 | 52,165 |
| | <u>19,104,073</u> | <u>19,642,217</u> |
| Operating loss | 15,212,632 | 16,606,177 |
| Sinking fund earnings | <u>7,131,628</u> | <u>6,821,550</u> |
| Excess of operating loss over sinking fund earnings | 8,081,004 | 9,784,627 |
| Contribution by the Province of Alberta (Note 4) | <u>8,271,281</u> | <u>9,784,627</u> |
| Net income for the year | 190,277 | — |
| Deficit at beginning of year | <u>354,136</u> | <u>354,136</u> |
| Deficit at end of year | <u>\$ 163,859</u> | <u>\$ 354,136</u> |

ALBERTA RESOURCES RAILWAY CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1986

| | 1986 | 1985 |
|-------------------------------|--------------------|---------------------|
| Operating | | |
| Net income for the year | \$ 190,277 | \$ — |
| Add non-cash items: | | |
| Write-down of railway | 9,333,776 | 9,741,924 |
| Net change in working capital | <u>(1,093,212)</u> | <u>489,391</u> |
| | <u>8,430,841</u> | <u>10,231,315</u> |
| Investing | | |
| Additions to railway | <u>(133,345)</u> | <u>(851,570)</u> |
| Financing | | |
| Debt retirement | (25,000,000) | — |
| Sinking fund, net | <u>15,799,569</u> | <u>(8,890,354)</u> |
| | <u>(9,200,431)</u> | <u>(8,890,354)</u> |
| Increase (decrease) in cash | (902,935) | 489,391 |
| Cash at beginning of year | <u>1,319,763</u> | <u>830,372</u> |
| Cash at end of year | <u>\$ 416,828</u> | <u>\$ 1,319,763</u> |

ALBERTA RESOURCES RAILWAY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Alberta Resources Railway Corporation operates under the authority of the Alberta Resources Railway Corporation Act, Chapter A-36, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:

Railway

The railway asset is stated at cost less an amount written down, so that the net book value of the railway asset is equal to the amount of the outstanding long-term debt, net of the carrying value of sinking fund assets.

Sinking fund investments

Sinking fund investments are valued at cost less unamortized realized net gains.

Realized gains and losses on disposals are considered to be an adjustment of future portfolio yield and are deferred and amortized on a straight-line basis over the lesser of ten years or the remaining term to maturity of the disposed investment.

Note 3 Railway

| | 1986 | 1985 |
|--|----------------------|----------------------|
| Cost | \$105,310,253 | \$105,176,907 |
| Less accumulated writedown | <u>65,319,036</u> | <u>55,985,259</u> |
| Net book value equal to value of net outstanding long-term debt | <u>\$ 39,991,217</u> | <u>\$ 49,191,648</u> |

The railway asset comprises the cost of all land, railroad, buildings and improvements of a capital nature paid for by the Corporation.

All of these assets, except land not required for the operation of the railway, are leased to the Canadian National Railway Company (CNR) under the terms of an agreement dated October 1, 1965. The agreement requires the payment of a tonnage rental to the Corporation based on the amount of freight "carried to and from the railway". The lease will be in effect until January 1, 1990, at which time it may be renewed for successive one-year terms. The agreement also provides CNR with an option to purchase the leased assets at approximately \$161 million on December 31, 1986 (1985 \$159 million).

Note 4 Contribution by the Province of Alberta

The contribution has been made out of a supply vote of the Department of Transportation and Utilities.

An amount has been included in the 1986-87 supply vote to enable the Corporation's deficit brought forward from 1984 to be eliminated as at March 31, 1987, and the note payable to the Provincial Treasurer for \$163,859 to be retired.

The supply vote for 1987-88 of the Department of Transportation and Utilities includes an amount of \$7,850,000 to provide financial operating assistance to the Corporation.

Note 5 Long-Term Debt

The long-term debt of the Corporation not held by the Provincial Treasurer is fully guaranteed by the Province of Alberta.

Debentures amounting to \$25,000,000 held by the Canada Pension Plan Investment Fund are redeemable at the option of the Minister of Finance of Canada by giving six months notice in writing to the Provincial Treasurer and observing the other redemption provisions of the debentures.

Note 6 Administration Costs

Salaries of Treasury Department staff, accommodation and other overhead costs incurred in the administration of the Corporation have been borne by the Province of Alberta and are not reflected in these financial statements.

Note 7 Contingent Gain

The Corporation has a two-thirds claim on the proceeds less costs of a future disposition of 12.98 acres of land situated in the centre of Grande Prairie following development of the land by the City of Grande Prairie. Costs comprise all amounts expended by the City of Grande Prairie in purchasing, developing, improving and selling or otherwise disposing of the land. The timing of the development is uncertain and may not take place in the short or medium term.

An estimate of the amount of the contingent gain cannot be made at December 31, 1986. However, any amount due to the Corporation as a result of a disposition of the land will be credited to revenue in the year of disposition.

Note 8 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to 1986 presentation.

Note 9 Approval of Financial Statements

These financial statements have been approved by management.

ALBERTA RESOURCES RAILWAY CORPORATION
SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 1986

| Held By | Issue Date | Maturity Date | Interest Rate | Amount Outstanding | Sinking Fund Assets (Schedule 2) | Long-term Debt |
|---|---------------|---------------|---------------|----------------------|----------------------------------|---------------------|
| Debentures: | | | | | | |
| Canada Pension Plan Investment Fund | Oct. 1, 1973 | Oct. 1, 1993 | 7.61% | \$ 5,484,000 | \$ 2,840,545 | \$ 2,643,455 |
| | Nov. 1, 1973 | Nov. 1, 1993 | 7.58% | 5,877,000 | 3,044,107 | 2,832,893 |
| | Dec. 3, 1973 | Dec. 3, 1993 | 7.50% | 5,170,000 | 2,677,903 | 2,492,097 |
| | Jan. 2, 1974 | Jan. 2, 1994 | 7.47% | 2,775,000 | 1,437,366 | 1,337,634 |
| | Feb. 1, 1974 | Feb. 1, 1994 | 7.53% | 5,694,000 | 2,949,319 | 2,744,681 |
| | | | | <u>25,000,000</u> | <u>12,949,240</u> | <u>12,050,760</u> |
| Alberta Municipal Financing Corporation | Jul. 15, 1977 | Jul. 15, 1992 | 9.00% | 25,000,000 | 12,949,241 | 12,050,759 |
| | Jul. 31, 1980 | Jul. 31, 1990 | 11.73% | 20,000,000 | 10,359,392 | 9,640,608 |
| | | | | <u>45,000,000</u> | <u>23,308,633</u> | <u>21,691,367</u> |
| Total debentures | | | | 70,000,000 | 36,257,873 | 33,742,127 |
| Notes: | | | | | | |
| Provincial Treasurer | Various | Demand | Prime | 8,440,172 | 2,191,082 | 6,249,090 |
| 1986 | | | | <u>\$ 78,440,172</u> | <u>\$38,448,955</u> | <u>\$39,991,217</u> |
| 1985 | | | | <u>\$103,440,172</u> | <u>\$54,248,524</u> | <u>\$49,191,648</u> |

Debentures held by Canada Pension Plan Investment Fund are repayable at six months notice. These debentures and notes payable on demand have been classified as long-term as it is anticipated that in the event that the holders exercise their option during the ensuing year, the payments in excess of sinking fund coverage will be made from the proceeds of long-term refinancing.

ALBERTA RESOURCES RAILWAY CORPORATION
SCHEDULE OF SINKING FUND ASSETS
DECEMBER 31, 1986

| | | |
|-------------------------------------|--|---------------------|
| Investments | | |
| At cost | | |
| Bonds | | |
| Government of Canada | | \$13,814,843 |
| Provincial (Note A) | | 198,979 |
| Corporate | | <u>1,125,000</u> |
| | | 15,138,822 |
| Bond coupons and residuals | | |
| Government of Canada | | 19,922,130 |
| Mid-term money market securities | | <u>496,423</u> |
| | | 35,557,375 |
| Less unamortized realized net gains | | <u>2,765,860</u> |
| | | 32,791,515 |
| Cash | | 5,077,378 |
| Accrued interest receivable | | <u>580,062</u> |
| Total 1986 | | <u>\$38,448,955</u> |
| Total 1985 | | <u>\$54,248,524</u> |

Note A There are no bonds of the Province of Alberta.

B The market value of the total sinking fund assets at December 31, 1986 was \$43,777,954 (1985 \$59,261,379).

ALBERTA MUNICIPAL FINANCING CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Retained Earnings
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Net Debenture Debt
Schedule of Sinking Fund Assets

AUDITOR'S REPORT

To the Shareholders of the
Alberta Municipal Financing Corporation

I have examined the balance sheet of the Alberta Municipal Financing Corporation as at December 31, 1986 and the statements of revenue, expenditure and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
February 20, 1987

ALBERTA MUNICIPAL FINANCING CORPORATION
BALANCE SHEET
AS AT DECEMBER 31, 1986
(thousands of dollars)

| | 1986 | 1985 |
|---|--------------------|--------------------|
| ASSETS | | |
| Cash | \$ 27,840 | \$ 23,972 |
| Accrued interest receivable | 244,654 | 241,038 |
| Loans to municipal authorities | 5,053,520 | 4,955,909 |
| | <u>\$5,326,014</u> | <u>\$5,220,919</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Liabilities: | | |
| Accrued interest payable | \$ 138,635 | \$ 141,671 |
| Net debenture debt (Schedule 1 and Notes 3 and 4) | 4,651,643 | 4,649,978 |
| | <u>4,790,278</u> | <u>4,791,649</u> |
| Shareholders' equity: | | |
| Share capital: (Note 5) | | |
| Authorized: 7,500 common shares, par value | | |
| \$10 per share | | |
| Issued and fully paid: | | |
| 1986 - 6,384 shares(1985 - 6,374 shares) | 64 | 63 |
| Retained earnings | 535,672 | 429,207 |
| | <u>535,736</u> | <u>429,270</u> |
| | <u>\$5,326,014</u> | <u>\$5,220,919</u> |

The accompanying notes are part
of these financial statements.

ALBERTA MUNICIPAL FINANCING CORPORATION
STATEMENT OF REVENUE, EXPENDITURE AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1986
(thousands of dollars)

| | 1986 | 1985 |
|--|------------------|------------------|
| Revenue: | | |
| Interest on loans | \$661,303 | \$657,770 |
| Investment income on sinking fund assets (Note 6) | 160,801 | 117,065 |
| Interest on deposits | 5,467 | 1,761 |
| Fees on loan prepayments | 2,186 | 3,535 |
| Gains on redemption of debenture debt | 210 | 336 |
| | <u>829,967</u> | <u>780,467</u> |
| Expenditure: | | |
| Interest on debentures | 719,086 | 693,186 |
| Amortization of debenture discount | 3,545 | 3,884 |
| Exchange losses on debenture debt | 407 | 754 |
| Administration and office expense | 303 | 316 |
| Interest on short-term notes | 95 | 8,716 |
| Debt service charges | 51 | 79 |
| Directors' and officers' fees and expenses | 15 | 11 |
| | <u>723,502</u> | <u>706,946</u> |
| Excess of revenue over expenditure for the year | 106,465 | 73,521 |
| Retained earnings, beginning of year | 429,207 | 355,686 |
| Retained earnings, end of year | <u>\$535,672</u> | <u>\$429,207</u> |

ALBERTA MUNICIPAL FINANCING CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1986
(thousands of dollars)

| | <u>1986</u> | <u>1985</u> |
|---|------------------|------------------|
| Operating transactions: | | |
| Excess of revenue over expenditure for the year | \$ 106,465 | \$ 73,521 |
| Add (deduct) non-cash items: | | |
| Amortization of gains, losses and discounts related to debenture debt | 3,742 | 4,302 |
| Deferred gains and amortization of premiums and discounts related to sinking fund investments | (27,092) | (22,084) |
| Increase in accrued interest (net) | (6,652) | (7,269) |
| Cash provided by operating transactions | <u>76,463</u> | <u>48,470</u> |
| Investing transactions: | | |
| New loans | (337,188) | (337,545) |
| Loan repayments | 239,577 | 234,875 |
| Cash applied to investing transactions | <u>(97,611)</u> | <u>(102,670)</u> |
| Financing transactions: | | |
| Debenture debt issues: | | |
| Canada Pension Plan Investment Fund | 395,645 | 290,742 |
| Debt retirement: | | |
| Redemption of short-term note payable to Provincial Treasurer | — | (14,694) |
| Redemption of debentures | (317,848) | (51,574) |
| Increase in sinking fund assets (net) | (52,782) | (153,582) |
| Sale of shares | 1 | — |
| Cash provided by financing transactions | <u>25,016</u> | <u>70,892</u> |
| Increase in cash | 3,868 | 16,692 |
| Cash at beginning of year | 23,972 | 7,280 |
| Cash at end of year | <u>\$ 27,840</u> | <u>\$ 23,972</u> |

ALBERTA MUNICIPAL FINANCING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Alberta Municipal Financing Corporation operates under the authority of the Alberta Municipal Financing Corporation Act, Chapter A-33, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

Sinking Fund Assets (Schedule 2)

Sinking fund assets are recorded at cost. The cost of investments includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investments.

Realized gains and losses on disposals of sinking fund investments are included in the determination of investment income. The cost of investments disposed of is determined on the average cost basis.

Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Foreign Exchange

Debenture debt, cash, accrued interest, short-term money market securities and accounts payable denominated in foreign currency are translated at the rate of exchange in effect at the balance sheet date. Investments, other than short-term money market securities, and revenue items are translated at historical exchange rates.

Gains and losses arising from the translation of foreign currencies are included in the determination of net income except:

- (i) unrealized exchange gains or losses relating to hedged debenture debt which are deferred until the debt is extinguished, and unrealized exchange gains or losses relating to unhedged debenture debt which are deferred and amortized over the remaining life of the debt, and
- (ii) unrealized exchange gains or losses relating to hedged monetary assets which are deferred.

Debenture Discount

Debenture discount, including underwriting commission, arising on the issue of debenture debt is deferred and amortized over the term of the debt. Public debenture issue expenses are charged against income as they arise.

Note 3 Net Debenture Debt

- (a) The debenture debt of the Corporation is fully guaranteed by the Province of Alberta.
- (b) Debentures amounting to \$3,623,022,000 held by the Canada Pension Plan Investment Fund are redeemable at the option of the Minister of Finance of Canada by giving six months notice in writing to the Provincial Treasurer and observing the other redemption provisions of the debentures.
- (c) Debentures are recorded net of sinking fund assets, deferred exchange losses and unamortized discounts.

Note 4 Commitments (thousands of dollars)

Sinking fund and debenture redemption requirements during each of the next five years are as follows:

| | Sinking Fund | Debenture Redemption | Total |
|------|------------------|-------------------------|--------------------|
| 1987 | \$ 10,917 | \$ 625,683 | \$ 636,600 |
| 1988 | 10,875 | 222,221 | 233,096 |
| 1989 | 7,875 | 323,978 | 331,853 |
| 1990 | 7,875 | 80,406 | 88,281 |
| 1991 | 7,875 | 117,130 | 125,005 |
| | <u>\$ 45,417</u> | <u>\$1,369,418</u> | <u>\$1,414,835</u> |

Note 5 Share Capital

Particulars of share capital are summarized hereunder:

| Class | Restricted to | Number of shares | | Total Dollar Amount |
|-------|------------------------------|------------------|--------------------------|---------------------------|
| | | Authorized | Issued and Fully Paid | |
| A | Provincial Treasurer | 4,500 | 4,500 | \$45,000 |
| B | Municipalities and hospitals | 1,000 | 850 | 8,500 |
| C | Cities | 750 | 578 | 5,780 |
| D | Towns and villages | 750 | 313 | 3,130 |
| E | Schools | 500 | 143 | 1,430 |
| | | <u>7,500</u> | <u>6,384</u> | <u>\$63,840</u> |

1 Class B share, 4 Class C shares and 5 Class E shares were issued during the year at \$10 each. One share was transferred from Class D to Class C.

Note 6 Investment Income on Sinking Fund Assets

In previous years, the Corporation was required by its bylaws to provide sinking fund assets for all of its debenture debt. In 1986, the Corporation's bylaws were changed to only require sinking fund assets for certain public debentures and certain other debentures maturing in 2000. Sinking fund assets in excess of amounts required by the new bylaws will be used to retire debentures as they mature. Commencing in 1988, any remaining excess sinking fund assets will also be available for loans to municipal authorities.

In accordance with the Corporation's change in the use of its sinking fund assets, gains and losses, which amounted to \$23,196,000 in 1986, realized on the sale of these assets, were included in investment income. Prior to 1986, such gains and losses were considered to be an adjustment of future portfolio yields and as such were deferred and amortized over the lesser of the remaining term to maturity of the investment disposed of or ten years. The net unamortized gain amounting to \$6,822,000, which was accumulated in prior years, has been included in investment income this year.

Note 7 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to 1986 presentation.

Note 8 Approval of Financial Statements

These financial statements have been approved by management.

ALBERTA MUNICIPAL FINANCING CORPORATION
SCHEDULE OF NET DEBENTURE DEBT
AS AT DECEMBER 31, 1986
(thousands of dollars)

| <u>Date of Issue</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Original Issue</u> | <u>Principal Outstanding</u> |
|---|----------------------|--------------------------|---------------------------|----------------------------------|
| Provincial Treasurer | | | | |
| May 3, 1982 | May 3, 1987 | 15.75 % | \$ 40,000 | \$ 40,000 |
| Jun 15, 1982 | Jun 15, 1987 | 15.375 | 50,000 | 50,000 |
| Aug 3, 1982 | Aug 3, 1987 | 16.875 | 70,000 | 70,000 |
| Sep 1, 1982 | Sep 1, 1987 | 15.50 | 210,000 | 210,000 |
| Sep 15, 1981 | Sep 15, 1987 | 16.25 | 85,000 | 85,000 |
| Nov 16, 1981 | Nov 16, 1987 | 17.25 | 86,000 | 86,000 |
| Mar 1, 1982 | Mar 1, 1988 | 16.00 | 110,000 | 110,000 |
| Jul 15, 1981 | Jul 15, 1988 | 16.00 | 45,000 | 45,000 |
| Nov 1, 1982 | Nov 1, 1989 | 13.50 | 150,000 | 70,000 |
| Nov 1, 1979 | Nov 1, 1999 | 11.70 | 70,000 | 70,000 |
| Mar 3, 1980 | Mar 3, 2000 | 13.45 | 35,000 | 35,000 |
| Jul 2, 1980 | Jul 3, 2000 | 11.75 | 30,000 | 30,000 |
| Aug 15, 1980 | Aug 15, 2000 | 13.20 | 35,000 | 35,000 |
| Nov 17, 1980 | Nov 17, 2000 | 13.75 | 75,000 | 75,000 |
| Dec 1, 1980 | Dec 1, 2000 | 13.65 | 50,000 | 50,000 |
| Dec 17, 1979 | Dec 15, 2000 | 11.85 | 70,000 | 70,000 |
| Dec 15, 1980 | Dec 15, 2000 | 13.60 | 155,000 | 155,000 |
| Mar 2, 1981 | Mar 2, 2001 | 14.10 | 30,000 | 30,000 |
| Jun 15, 1981 | Jun 15, 2001 | 16.25 | 85,000 | 85,000 |
| Oct 1, 1980 | Oct 1, 2001 | 13.66 | 75,000 | 75,000 |
| Total | | | | <u>1,476,000</u> |
| Canada Pension Plan Investment Fund (Note 3(b)) | | | | |
| Dec 1, 1967 | Nov 1, 1987 | 5.57 | 55,194 | 55,194 |
| Dec 2, 1968 | Nov 4, 1988 | 6.56 | 65,019 | 65,019 |
| Dec 1, 1969 | Nov 3, 1989 | 7.32 | 76,618 | 76,618 |
| Dec 1, 1970 | Nov 2, 1990 | 8.06 | 78,282 | 78,282 |
| Dec 1, 1971 | Nov 1, 1991 | 7.18 | 92,130 | 92,130 |
| Dec 15, 1972 | Jun 1, 1992 | 7.13 | 54,599 | 54,599 |
| Dec 15, 1973 | Sep 4, 1993 | 7.44 | 85,433 | 85,433 |
| Nov 15, 1974 | Oct 1, 1994 | 8.34 | 98,318 | 98,318 |
| Nov 14, 1975 | Oct 1, 1995 | 8.79 | 137,694 | 137,694 |
| Oct 15, 1976 | Sep 1, 1996 | 9.06 | 140,685 | 140,685 |
| Oct 14, 1977 | Sep 1, 1997 | 9.06 | 163,457 | 163,457 |
| Oct 16, 1978 | Sep 1, 1998 | 9.31 | 176,645 | 176,645 |
| Nov 15, 1979 | Oct 1, 1999 | 10.04 | 219,206 | 219,206 |
| Nov 14, 1980 | Oct 1, 2000 | 12.35 | 222,367 | 222,367 |
| Sep 15, 1981 | Aug 1, 2001 | 14.18 | 216,739 | 216,739 |
| Jun 1, 1982 | Jun 1, 2002 | 15.75 | 274,735 | 274,735 |
| Apr 5, 1983 | Apr 5, 2003 | 13.82 | 209,284 | 209,284 |
| Dec 1, 1983 | Dec 1, 2003 | 11.50 | 231,739 | 231,739 |
| Dec 3, 1984 | Dec 3, 2004 | 13.25 | 338,491 | 338,491 |
| Nov 1, 1985 | Nov 1, 2005 | 11.66 | 283,604 | 283,604 |
| Nov 3, 1986 | Nov 3, 2006 | 9.85 | 395,396 | 395,396 |
| Dec 1, 1986 | Dec 1, 2006 | 9.55 | 7,387 | 7,387 |
| Total | | | | <u>3,623,022</u> |

| <u>Date of Issue</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Original Issue</u> | <u>Principal Outstanding</u> |
|--|----------------------|--------------------------|---------------------------|----------------------------------|
| Public, payable in Canadian dollars | | | | |
| Jun 15, 1965 | Jun 15, 1987 | 5.25 % | \$ 25,000 | \$ 25,000 |
| Aug 15, 1984 | Aug 15, 1989 | 13.50 | 150,000 | 150,000 |
| Nov 1, 1969 | Nov 1, 1989 | 8.00 | 15,000 | 56 |
| Nov 15, 1966 | Nov 15, 1989 | 6.25 | 25,000 | 25,000 |
| Jun 1, 1970 | Jun 1, 1990 | 8.625 | 28,000 | 2,124 |
| Jun 15, 1966 | Jun 15, 1991 | 5.75 | 25,000 | 25,000 |
| May 15, 1967 | May 15, 1992 | 6.00 | 35,000 | 35,000 |
| Mar 15, 1968 | Mar 15, 1993 | 7.25 | 52,000 | 52,000 |
| Jan 18, 1983 | Dec 15, 2002 | 12.25 | 450,000 | 450,000 |
| Total | | | | <u>764,180</u> |
| Public, payable in United States dollars | | | | |
| Nov 15, 1962 | Nov 15, 1987 | 5.00 | 25,000 U.S. | 2,384 |
| Dec 15, 1964 | Dec 15, 1989 | 4.625 | 25,000 U.S. | <u>6,611</u> |
| | | | | 8,995 |
| Less deferred exchange losses | | | | <u>1,059</u> |
| Total | | | | <u>7,936</u> |
| | | | | <u>5,871,138</u> |
| Less: Sinking Fund assets (Schedule 2) | | | | 1,206,684 |
| Unamortized debenture discount | | | | <u>12,811</u> |
| | | | | <u>1,219,495</u> |
| Total | | | | <u>\$4,651,643</u> |

ALBERTA MUNICIPAL FINANCING CORPORATION
SCHEDULE OF SINKING FUND ASSETS
AS AT DECEMBER 31, 1986
(thousands of dollars)

| | <u>Par Value</u> | <u>Book Value</u> | <u>Market Value</u> |
|--|----------------------|-----------------------|-------------------------|
| Investments: | | | |
| Bonds and debentures: | | | |
| Government of Canada, direct and guaranteed | \$451,228 | \$ 459,403 | \$ 499,972 |
| Provincial, direct: | | | |
| - Alberta | 10,357 | 10,353 | 10,181 |
| - Other | 49,625 | 49,256 | 53,452 |
| Provincial, guaranteed: | | | |
| - Alberta Municipal Financing Corporation | 117,028 | 115,203 | 115,905 |
| - Other Alberta | 61,336 | 62,945 | 62,810 |
| - Other | 63,225 | 61,517 | 62,575 |
| Corporate | 66,260 | 66,531 | 70,852 |
| Corporate, convertible | 1,050 | 1,040 | 1,135 |
| Municipal | 21,350 | 20,970 | 21,990 |
| Mid-term money market securities: | | | |
| Notes | 9,000 | 8,992 | 9,554 |
| Certificates of deposit | 12,000 | 11,998 | 12,163 |
| United States Treasury notes | 17,253 | 17,182 | 18,056 |
| Mortgages | 8,746 | 8,746 | 9,655 |
| Bond coupons and residuals: | | | |
| Government of Canada, direct | | <u>160,323</u> | <u>163,809</u> |
| | | 1,054,459 | 1,112,109 |
| Short-term money market securities: (a) | | | |
| Treasury bills | | <u>86,924</u> | <u>86,924</u> |
| Total | | <u>1,141,383</u> | <u>1,199,033</u> |
| Other assets: (a) | | | |
| Cash | | 42,819 | 42,819 |
| Accrued interest receivable | | <u>22,482</u> | <u>22,482</u> |
| Total | | <u>65,301</u> | <u>65,301</u> |
| Total 1986 | | <u>\$1,206,684</u> | <u>\$1,264,334</u> |
| Total 1985 | | <u>\$1,126,810</u> | <u>\$1,194,970</u> |

(a) Market value is deemed to be book value.



SECTION 6

1986-87 PUBLIC ACCOUNTS

PROVINCIAL COMMITTEES - FINANCIAL STATEMENTS

| | |
|---|------|
| Contents: | Page |
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| Advanced Education: Students Finance Board | 6.3 |
| Agriculture: Agricultural Research Council of Alberta | 6.6 |
| Hospitals and Medical Care: Edmonton Area Hospital Advisory Council Fund | 6.11 |

PROVINCIAL COMMITTEES - FINANCIAL STATEMENTS

Introduction:

Section 1(1)(m) of the Financial Administration Act defines a Provincial committee as “an unincorporated board, commission, council or other body that is not a department or part of a department, all or a majority of whose members are appointed or designated, either by their personal names or by their names of office, by an Act of the Legislature or regulations under an Act of the Legislature, by an order of the Lieutenant Governor in Council or of a Minister of the Crown or by any combination thereof”.

The large majority of Provincial committees do not operate funds. They are financed and accounted for as departmental expenditure under a supply vote.

Included in this section are those committees that operate funds. They are also included in the consolidated financial statements.

STUDENTS FINANCE BOARD
FINANCIAL STATEMENT
MARCH 31, 1987

Auditor's Report
Balance Sheet
Notes to the Financial Statement

AUDITOR'S REPORT

To the Members of the
Students Finance Board

I have examined the balance sheet of the Students Finance Board as at March 31, 1987. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the financial position of the Board as at March 31, 1987 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
August 21, 1987

C.A.
Auditor General

The accompanying notes are part of this financial statement.

STUDENTS FINANCE BOARD
NOTES TO THE FINANCIAL STATEMENT
MARCH 31, 1987

Note 1 Authority

The Board operates under the authority of the Students Finance Act, Chapter S-24, Revised Statutes of Alberta 1980, and carries out the following activities on behalf of the Province of Alberta:

- (i) Issue of certificates of eligibility for loans to be guaranteed pursuant to the Students Loan Guarantee Act and the Canada Student Loans Act. Fees are earned for administering Canada Student Loans Act certificates and are credited to the General Revenue Fund as revenue of the Department of Advanced Education.
- (ii) Authorization of the following types of expenditures, paid by the Department of Advanced Education from funds appropriated by the Legislature:
 - (a) Grants, bursaries, fellowships and scholarships.
 - (b) Partial loan repayments on behalf of students.
 - (c) Interest on student loans guaranteed pursuant to the Students Loan Guarantee Act.
 - (d) Implementation of guarantees pursuant to the Students Loan Guarantee Act.
 - (e) Administration expenses in connection with all of the activities of the Board other than the costs of accommodation and basic office equipment forming part of the general administration costs of the Department of Advanced Education.
- (iii) Authorization of scholarships paid from the Alberta Heritage Scholarship Fund.

Note 2 Cash

Cash consists of accountable advances from the General Revenue Fund.

Note 3 Approval of Financial Statement

This financial statement was approved by management.

AGRICULTURAL RESEARCH COUNCIL OF ALBERTA
FARMING FOR THE FUTURE PROGRAM
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Notes to the Financial Statements
Schedule of Research Grants
Schedule of Research Expenditure for Administered Projects
Schedule of Research Grants for Projects under the On-Farm
Demonstration Program

AUDITOR'S REPORT

To the Members of the Farming
For The Future Council

I have examined the balance sheet of the Agricultural Research Council of Alberta Farming for the Future Program as at March 31, 1987 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Program as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
August 28, 1987

AGRICULTURAL RESEARCH COUNCIL OF ALBERTA
FARMING FOR THE FUTURE PROGRAM
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|------------------|------------------|
| ASSETS | | |
| Current: | | |
| Deposits in trust (Note 3) | \$276,099 | \$461,774 |
| Due from the Alberta Heritage Savings Trust Fund | <u>332,630</u> | <u>188,310</u> |
| | <u>\$608,729</u> | <u>\$650,084</u> |
| LIABILITIES AND UNEXPENDED FUNDS | | |
| Current: | | |
| Accounts payable | \$601,302 | \$341,184 |
| Unexpended funds | <u>7,427</u> | <u>308,900</u> |
| | <u>\$608,729</u> | <u>\$650,084</u> |

The accompanying notes are part of these financial statements.

AGRICULTURAL RESEARCH COUNCIL OF ALBERTA
FARMING FOR THE FUTURE PROGRAM
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|--------------------|--------------------|
| Revenue: | | |
| Contributions from the Province of Alberta: | | |
| Alberta Heritage Savings Trust Fund (Note 4) | <u>\$4,710,912</u> | <u>\$4,730,426</u> |
| Expenditure: | | |
| Research grants, Schedule 1: | | |
| Universities | 1,148,516 | 1,361,988 |
| Other | 1,676,622 | 1,143,745 |
| Research expenditure for administered projects, Schedule 2 | 1,413,400 | 1,593,920 |
| Research grants for projects under the On-Farm Demonstration Program, Schedule 3 | 418,191 | 342,804 |
| Supplies and services | 198,827 | 167,930 |
| Administrative personnel costs | <u>156,829</u> | <u>163,925</u> |
| | <u>5,012,385</u> | <u>4,774,312</u> |
| Excess of expenditure over revenue | 301,473 | 43,886 |
| Unexpended funds at beginning of year | <u>308,900</u> | <u>352,786</u> |
| Unexpended funds at end of year | <u>\$ 7,427</u> | <u>\$ 308,900</u> |

AGRICULTURAL RESEARCH COUNCIL OF ALBERTA
FARMING FOR THE FUTURE PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Farming for the Future Program operates under the authority of the Department of Agriculture Act, Chapter D-12, Revised Statutes of Alberta 1980, as amended.

Pursuant to the Act, the Program was established by Ministerial Order under the administration of the Agricultural Research Council of Alberta.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Research Grants

Research grants are recorded in these financial statements when grants have been approved for payment by the Minister of Agriculture and conditions of that approval have been formally accepted by the researchers. Unexpended balances of grant funds held in researchers' accounts are not reflected in these financial statements.

Grant funds which are returned to the Program after the completion of the project are reflected in the financial statements as a reduction of current expenditure.

(b) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Deposits in Trust

Deposits in trust consist of deposits held as follows:

| | <u>1987</u> | <u>1986</u> |
|--|------------------|------------------|
| General Trust Account, Province of Alberta | \$276,099 | \$152,874 |
| The University of Alberta | <u>—</u> | <u>308,900</u> |
| | <u>\$276,099</u> | <u>\$461,774</u> |

Note 4 Contributions from the Province of Alberta

The Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Act, 1986-87 provided for payments to the Program to a maximum of \$5,000,000 for the year ended March 31, 1987 (1986 \$5,000,000). This provision which enabled the Program to receive funds up to the stated maximum lapsed at March 31, 1987.

Note 5 Commitments

As at March 31, 1987 the Program had commitments totalling approximately \$3,931,000 (1986 \$4,071,000) with respect to grant applications approved by the Council but awaiting approval by the Minister of Agriculture, or where conditions of approval by the Minister have not been formally accepted by researchers.

Note 6 Administration Costs

Certain salaries and other overhead costs as well as all accommodation costs incurred in the administration of the Program have been borne by the Province of Alberta, General Revenue Fund and are not reflected in these financial statements.

Note 7 Approval of Financial Statements

These financial statements were approved by management.

AGRICULTURAL RESEARCH COUNCIL OF ALBERTA
FARMING FOR THE FUTURE PROGRAM
SCHEDULE OF RESEARCH GRANTS
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|---|--------------------|--------------------|
| Universities: | | |
| The University of Alberta | \$1,107,716 | \$1,312,393 |
| The University of Manitoba | 35,000 | 7,000 |
| The University of Calgary | 5,800 | 43,450 |
| The University of Saskatchewan | — | (855) |
| | <u>1,148,516</u> | <u>1,361,988</u> |
| Other: | | |
| Veterinary Infectious Disease Organization | 216,290 | 212,076 |
| Alberta Agricultural Research Trust | 200,000 | — |
| Western College of Veterinary Medicine | 180,387 | 283,874 |
| UMA Engineering Ltd. (formerly Underwood McLennan Limited) | 136,335 | 128,200 |
| I & S Produce Ltd. | 127,000 | — |
| Agriculture Canada: | | |
| Saskatchewan | 111,000 | 111,500 |
| British Columbia | 60,800 | 75,000 |
| Alberta Research Council | 101,799 | 141,468 |
| Nanuk Engineering | 99,950 | — |
| UFL Foods Inc. | 98,000 | — |
| Alberta Livestock Transplants Ltd. | 85,000 | — |
| Scicon Research and Development Corporation | 68,536 | — |
| Baker Engineering Enterprises Ltd. | 44,137 | — |
| Klein Economic Consulting Ltd. | 32,000 | — |
| Alberta Soil and Feed Analysis Ltd. | 27,124 | — |
| Monenco | 21,890 | — |
| Central Swine Veterinary Service | 21,310 | — |
| Rogers Engineering Inc. | 20,272 | — |
| Lakeside Research | 20,000 | 37,500 |
| Alberta Alfalfa Seed Producers Association | 10,800 | — |
| Olds College | 9,000 | 11,750 |
| P.O.S. Pilot Plant Corp. | (15,008) | — |
| Hardy Associates (1978) Ltd. | — | 87,600 |
| Thorlakson Feedyards Ltd. | — | 30,000 |
| Western Cooperative Fertilizers Ltd. | — | 27,590 |
| Alberta Sugar Company | — | (2,813) |
| | <u>1,676,622</u> | <u>1,143,745</u> |
| | <u>\$2,825,138</u> | <u>\$2,505,733</u> |

AGRICULTURAL RESEARCH COUNCIL OF ALBERTA
FARMING FOR THE FUTURE PROGRAM
SCHEDULE OF RESEARCH EXPENDITURE FOR ADMINISTERED PROJECTS
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | 1986 |
|------------------------------------|--------------------|--------------------|
| Agriculture Canada: | | |
| Lethbridge | \$ 605,618 | \$ 684,330 |
| Beaverlodge | 367,910 | 310,286 |
| Lacombe | 129,204 | 242,494 |
| Fort Vermilion | 39,484 | 54,945 |
| Saskatoon | 14,843 | 14,674 |
| Alberta Department of Agriculture: | | |
| Lethbridge | 122,052 | 143,196 |
| Lacombe | 77,022 | 73,359 |
| Brooks | 54,638 | 61,537 |
| Edmonton | 2,629 | 9,099 |
| | <u>\$1,413,400</u> | <u>\$1,593,920</u> |

AGRICULTURAL RESEARCH COUNCIL OF ALBERTA
FARMING FOR THE FUTURE PROGRAM
SCHEDULE OF RESEARCH GRANTS FOR PROJECTS UNDER THE
ON-FARM DEMONSTRATION PROGRAM
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|------------|------------------|------------------|
| Region: | | |
| Lethbridge | \$120,623 | \$ 64,398 |
| Red Deer | 86,585 | 56,552 |
| Airdrie | 85,093 | 61,320 |
| Vermilion | 49,152 | 37,069 |
| Barrhead | 48,816 | 63,987 |
| Fairview | 27,922 | 59,478 |
| | <u>\$418,191</u> | <u>\$342,804</u> |

EDMONTON AREA HOSPITAL ADVISORY COUNCIL FUND
FINANCIAL STATEMENT
MARCH 31, 1987

Auditor's Report
Statement of Receipts, Payments and Fund Balance
Notes to the Financial Statement

AUDITOR'S REPORT

To the Members of the Edmonton
Area Hospital Advisory Council

I have examined the statement of receipts, payments and fund balance of the Edmonton Area Hospital Advisory Council Fund for the year ended March 31, 1987. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the balance of the Fund as at March 31, 1987 and the receipts and payments for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statement applied on a basis consistent with that of the preceding period.



C.A.
Auditor General

Edmonton, Alberta
June 9, 1987

EDMONTON AREA HOSPITAL ADVISORY COUNCIL FUND
STATEMENT OF RECEIPTS, PAYMENTS AND FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 1987

| | 1987 | Nine Months Ended March 31, 1986 |
|---|-----------------|--|
| Receipts: | | |
| Grants from Department of Hospitals and Medical Care | \$19,980 | \$ 2,018 |
| Interest | 258 | 338 |
| | <u>20,238</u> | <u>2,356</u> |
| Payments: | | |
| Council members' fees and travel expenses | 6,737 | 4,304 |
| Support services | 6,370 | 4,700 |
| Office supplies | 842 | 642 |
| Miscellaneous | 1,067 | 355 |
| | <u>15,016</u> | <u>10,001</u> |
| Excess (deficiency) of receipts over payments | 5,222 | (7,645) |
| Balance at beginning of year | 3,270 | 10,915 |
| Balance at end of year | <u>\$ 8,492</u> | <u>\$ 3,270</u> |
| Represented by cash in bank accounts | <u>\$ 8,492</u> | <u>\$ 3,270</u> |

The accompanying notes are part
of this financial statement.

EDMONTON AREA HOSPITAL ADVISORY COUNCIL FUND
NOTES TO THE FINANCIAL STATEMENT
MARCH 31, 1987

- Note 1 Authority
The Edmonton Area Hospital Advisory Council Fund operates under the authority of an Order issued by the Minister of Hospitals and Medical Care pursuant to the Department of Hospitals and Medical Care Act, Chapter D-22, Revised Statutes of Alberta 1980, as amended.
- Note 2 Reporting Practice
This financial statement has been prepared on a cash basis to show bank transactions of the Fund during the year ended March 31, 1987.
- Note 3 Prior Fiscal Period
On September 19, 1985 the Council decided to change the year end from June 30 to March 31 each year, resulting in a nine month fiscal period to March 31, 1986.
- Note 4 Approval of Financial Statement
This financial statement was approved by the Secretary-Treasurer.

SECTION 7

1986-87 PUBLIC ACCOUNTS

COMMERCIAL ENTERPRISES - FINANCIAL STATEMENTS

| | |
|--|------|
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| Solicitor General: Alberta Liquor Control Board | 7.28 |
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| Treasury: Treasury Branches Deposits Fund | 7.44 |

COMMERCIAL ENTERPRISES - FINANCIAL STATEMENTS

Introduction:

The Provincial corporations and enterprises included in this section operate on the basis of full cost supported by charges for goods or services with no subsidy from the General Revenue Fund.

Because the basis of accounting is significantly different from that used for the General Revenue Fund, and to adjust to the latter basis would result in the write-off of significant revenue earning assets, they are included in the consolidated financial statements on an equity basis whereby the Government's investment is adjusted for unremitted earnings and to reflect its share of capital transactions including loans to or from the enterprise.

ALBERTA TERMINALS LTD.
FINANCIAL STATEMENTS
JULY 31, 1986

Auditor's Report
Balance Sheet
Statement of Income and Retained Earnings
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Terminal Operations
Schedule of Administrative Expenses

AUDITOR'S REPORT

To the Shareholders of Alberta
Terminals Ltd.

I have examined the balance sheet of Alberta Terminals Ltd. as at July 31, 1986 and the statements of income and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of Alberta Terminals Ltd. as at July 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
October 7, 1986

C.A.
Auditor General

ALBERTA TERMINALS LTD.
BALANCE SHEET
AS AT JULY 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| Current: | | |
| Cash and term deposits | \$ 9,996,482 | \$10,338,495 |
| Accounts receivable | 497,340 | 294,482 |
| Accrued interest receivable | 85,034 | 289,810 |
| Accrued storage and elevation fees | 224,045 | 112,822 |
| Inventories | 370,777 | 352,340 |
| Prepaid expenses and other assets | 194,258 | 168,462 |
| | <u>11,367,936</u> | <u>11,556,411</u> |
| Fixed assets (Note 3) | 9,504,115 | 9,148,496 |
| | <u>\$20,872,051</u> | <u>\$20,704,907</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current: | | |
| Trade accounts payable and accrued charges | \$ 360,055 | \$ 603,039 |
| Deferred revenue (Note 4) | 199,451 | 19,892 |
| Capital accounts payable | 35,645 | 373,406 |
| | <u>595,151</u> | <u>996,337</u> |
| Shareholders' equity: | | |
| Share capital: | | |
| Authorized - unlimited number of common shares with no par value | | |
| Issued - 70,114 common shares | 17,528,500 | 17,528,500 |
| Retained earnings | 2,748,400 | 2,180,070 |
| | <u>20,276,900</u> | <u>19,708,570</u> |
| | <u>\$20,872,051</u> | <u>\$20,704,907</u> |

The accompanying notes are part
of these financial statements.

ALBERTA TERMINALS LTD.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED JULY 31, 1986

| | 1986 | 1985 |
|--|---------------------------|---------------------------|
| Revenue | \$3,713,663 | \$3,735,379 |
| Terminal operation expenses | <u>3,260,872</u> | <u>3,045,572</u> |
| Gross operating profit from terminals, Schedule 1 | <u>452,791</u> | <u>689,807</u> |
| Other income (expenses): | | |
| Interest income | 802,845 | 1,153,974 |
| Rental and other | 73,363 | — |
| Workers' Compensation Board refund | — | 43,266 |
| Administrative expenses, Schedule 2 | (750,220) | (924,225) |
| Loss on disposal of fixed assets | (10,449) | (25,924) |
| Truck operating costs, net | <u>—</u> | <u>(18,716)</u> |
| | <u>115,539</u> | <u>228,375</u> |
| Net income for the year | 568,330 | 918,182 |
| Retained earnings at beginning of year | <u>2,180,070</u> | <u>1,261,888</u> |
| Retained earnings at end of year | <u><u>\$2,748,400</u></u> | <u><u>\$2,180,070</u></u> |

ALBERTA TERMINALS LTD.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED JULY 31, 1986

| | 1986 | 1985 |
|--|----------------------------|----------------------------|
| Cash provided by (used in) operating activities: | | |
| Net income for the year | \$ 568,330 | \$ 918,182 |
| Add items not affecting cash: | | |
| Depreciation | 467,530 | 426,384 |
| Loss on disposal of fixed assets | 10,449 | 25,924 |
| | <u>1,046,309</u> | <u>1,370,490</u> |
| Net change in non-cash balances relating to operations | <u>(554,724)</u> | <u>(6,402)</u> |
| Cash provided by operating activities | <u>491,585</u> | <u>1,364,088</u> |
| Cash provided by (used in) investing activities: | | |
| Purchase of fixed assets | (851,985) | (1,314,812) |
| Proceeds on disposal of fixed assets | 18,387 | 62,940 |
| Cash used in investing activities | <u>(833,598)</u> | <u>(1,251,872)</u> |
| Net (decrease) increase in cash and term deposits during the year | <u>(342,013)</u> | <u>112,216</u> |
| Cash and term deposits at beginning of year | <u>10,338,495</u> | <u>10,226,279</u> |
| Cash and term deposits at end of year | <u><u>\$ 9,996,482</u></u> | <u><u>\$10,338,495</u></u> |

ALBERTA TERMINALS LTD.
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 1986

Note 1 Authority

Alberta Terminals Ltd. was incorporated on September 19, 1979 under The Companies Act of the Province of Alberta. It was subsequently continued under the Alberta Business Corporations Act on June 30, 1983 at which time its authorized shares were changed from 100,000 common shares with no par value to an unlimited number of common shares with no par value.

Note 2 Significant Accounting Policies

(a) Inventories

Inventories of grain and screenings are valued at established delivery prices at the balance sheet date.

(b) Fixed Assets and Depreciation

Fixed assets are recorded at cost. Engineering costs and overheads relating to the terminal rehabilitation program are capitalized in the accounts. Depreciation is charged at rates designed to amortize the cost of assets over their estimated useful lives as follows:

| | |
|------------------------|-----------------------------|
| Buildings | 40 years straight-line |
| Equipment | 10% declining-balance |
| Building improvements | 5% to 15% declining-balance |
| Computer | 7 years straight-line |
| Engineering studies | 5 years straight-line |
| Automotive | 20% declining-balance |
| Furniture and fixtures | 20% declining-balance |

(c) Revenue Recognition

Two-thirds of revenue derived from elevation is taken into income when the grain is received. One-third of the elevation fees are taken into income when the grain is shipped. Storage charges are recorded in the accounts on a monthly basis. Unbilled revenue is recorded using the tariff rates in effect at the balance sheet date.

Note 3 Fixed Assets

Fixed assets consist of the following:

| | 1986 | | 1985 | |
|------------------------|---------------------|-----------------------------|--------------------|--------------------|
| | Cost | Accumulated Depreciation | Net | Net |
| Land | \$ 2,917,930 | \$ — | \$2,917,930 | \$2,900,000 |
| Buildings | 3,574,270 | 449,332 | 3,124,938 | 3,224,750 |
| Equipment | 2,609,559 | 881,809 | 1,727,750 | 2,137,260 |
| Building improvements | 1,971,307 | 514,893 | 1,456,414 | 592,916 |
| Computer | 150,190 | 50,957 | 99,233 | 126,277 |
| Engineering studies | 197,461 | 166,159 | 31,302 | 70,794 |
| Automotive | 115,373 | 22,038 | 93,335 | 55,039 |
| Furniture and fixtures | 100,283 | 47,070 | 53,213 | 41,460 |
| | <u>\$11,636,373</u> | <u>\$2,132,258</u> | <u>\$9,504,115</u> | <u>\$9,148,496</u> |

Note 4 Deferred Revenue

Deferred revenue represents one-third of elevation charges invoiced for grain on hand at year-end.

A comparison of relative balances is presented as follows:

| | 1986 | 1985 |
|---|------------------|-----------------|
| Tonnes on hand at end of year | <u>82,041</u> | <u>8,272</u> |
| Total elevation charges invoiced on above | <u>\$598,352</u> | <u>\$59,676</u> |
| Deferred revenue - (one-third) | <u>\$199,451</u> | <u>\$19,892</u> |

Note 5 Pension Plan

The Corporation has a pension plan covering substantially all its employees. The most recent independent actuarial valuation, effective December 31, 1983, indicates a surplus of \$161,200 in the plan. As a result, the Company's contributions have been reduced from 6.2% to 5.2% of payroll up to the expected date of the next actuarial valuation, December 31, 1986.

Note 6 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to the 1986 presentation.

Note 7 Approval of Financial Statements

These financial statements have been reviewed by the Audit Committee and recommended to the Board for approval.

Schedule 1

ALBERTA TERMINALS LTD.
SCHEDULE OF TERMINAL OPERATIONS
FOR THE YEAR ENDED JULY 31, 1986

| | Calgary | Edmonton | Lethbridge | High Level | 1986 Total | 1985 Total |
|--|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| Revenue: | | | | | | |
| Elevation, cleaning, drying and storage | \$1,128,021 | \$1,221,105 | \$ 621,429 | \$ 9,137 | \$2,979,692 | \$2,639,011 |
| Grain refuse sales | 245,945 | 380,866 | 107,160 | — | 733,971 | 1,096,368 |
| | <u>1,373,966</u> | <u>1,601,971</u> | <u>728,589</u> | <u>9,137</u> | <u>3,713,663</u> | <u>3,735,379</u> |
| Expenses: | | | | | | |
| Salaries, wages and benefits | 421,705 | 634,879 | 418,688 | 44,388 | 1,519,660 | 1,431,972 |
| Depreciation | 104,447 | 110,430 | 147,087 | 20,350 | 382,314 | 335,780 |
| Property taxes | 148,639 | 149,832 | 77,621 | 2,320 | 378,412 | 359,982 |
| Fuel and utilities | 85,495 | 94,381 | 58,946 | 706 | 239,528 | 207,896 |
| Terminal usage rebates | 48,671 | 124,546 | 13,113 | — | 186,330 | 180,462 |
| Materials and supplies | 29,050 | 72,611 | 5,053 | 1,464 | 108,178 | 11,613 |
| Trucking subsidy | 12,542 | 25,766 | 60,482 | — | 98,790 | 143,904 |
| Repairs and maintenance | 40,065 | 15,830 | 12,447 | 2,832 | 71,174 | 60,259 |
| Telephone, office and courier | 15,488 | 14,754 | 16,764 | 6,622 | 53,628 | 52,985 |
| Insurance | 17,635 | 19,191 | 11,092 | 4,422 | 52,340 | 33,019 |
| Advertising and promotion | 13,195 | 13,046 | 11,295 | 6,214 | 43,750 | 40,322 |
| Travel and entertainment | 13,630 | 11,734 | 14,195 | 2,551 | 42,110 | 38,816 |
| Grain refuse purchases | — | 3,774 | 17,198 | — | 20,972 | 47,505 |
| Professional fees | 3,556 | 4,439 | 4,013 | 458 | 12,466 | 28,520 |
| Transportation | 2,775 | 2,970 | 2,090 | 2,398 | 10,233 | 52,603 |
| Bad debts | — | 10,000 | — | — | 10,000 | — |
| Miscellaneous | 5,916 | 13,104 | 4,509 | 7,458 | 30,987 | 19,934 |
| | <u>962,809</u> | <u>1,321,287</u> | <u>874,593</u> | <u>102,183</u> | <u>3,260,872</u> | <u>3,045,572</u> |
| Gross operating profit (loss) | <u>\$ 411,157</u> | <u>\$ 280,684</u> | <u>\$(146,004)</u> | <u>\$(93,046)</u> | <u>\$ 452,791</u> | <u>\$ 689,807</u> |

ALBERTA TERMINALS LTD.
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JULY 31, 1986

| | 1986 | 1985 |
|----------------------------------|------------------|------------------|
| Salaries and benefits | \$373,150 | \$490,104 |
| Depreciation | 85,216 | 78,854 |
| Directors' travel | 58,894 | 79,381 |
| Professional fees | 56,879 | 33,491 |
| Travel | 48,124 | 48,668 |
| Telephone, utilities and courier | 41,144 | 45,179 |
| Promotion | 23,738 | 21,501 |
| Materials and office supplies | 15,441 | 16,611 |
| Repairs and maintenance | 13,126 | 22,819 |
| Insurance and property taxes | 11,724 | 17,906 |
| Office and equipment rent | 9,344 | 30,400 |
| Dues and fees | 6,935 | 9,750 |
| Security | 2,968 | 3,073 |
| Bank charges | 2,251 | 14,594 |
| Contract services | — | 8,728 |
| Miscellaneous | 1,286 | 3,166 |
| | <u>\$750,220</u> | <u>\$924,225</u> |

THE ALBERTA GENERAL INSURANCE COMPANY
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Operations and Surplus
Notes to the Financial Statements

AUDITOR'S REPORT

To The Board of Directors of
The Alberta General Insurance Company

I have examined the balance sheet of The Alberta General Insurance Company as at December 31, 1986 and the statement of operations and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at December 31, 1986 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
January 27, 1987

C.A.
Auditor General

THE ALBERTA GENERAL INSURANCE COMPANY
BALANCE SHEET
AS AT DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|------------------|------------------|
| ASSETS | | |
| Cash | \$356,300 | \$ 2,562 |
| Premiums receivable | — | 165,000 |
| Reinsurance accounts receivable | 113,548 | 31,523 |
| Estimated reinsurance loss claims recoverable | 844 | 147,656 |
| Accrued interest | 8,277 | — |
| Other receivables | 35 | — |
| | <u>\$479,004</u> | <u>\$346,741</u> |
| LIABILITIES, RESERVE AND SURPLUS (DEFICIT) | | |
| Promissory notes | \$ — | \$ 70,000 |
| Estimated claims payable | 3,375 | 198,375 |
| Premium tax payable | 7,130 | 3,301 |
| Sundry accounts payable | 1,600 | 3,125 |
| Unearned premiums | 19 | 165,044 |
| | <u>12,124</u> | <u>439,845</u> |
| Reserve for reinsurance ceded to unregistered companies | 28,541 | 44,705 |
| Surplus (deficit) | <u>438,339</u> | <u>(137,809)</u> |
| | <u>\$479,004</u> | <u>\$346,741</u> |

The accompanying notes are part
of these financial statements.

THE ALBERTA GENERAL INSURANCE COMPANY
STATEMENT OF OPERATIONS AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|-------------------|--------------------|
| Underwriting: | | |
| Revenue: | | |
| Premiums earned, net of cancellations and returns | \$ 521,509 | \$ 6 |
| Expense: | | |
| Claims, net of reinsurance and salvage | (25,744) | (4,955) |
| Premium tax | 7,130 | 3,301 |
| Administrative and general expenses | 2,484 | 18,717 |
| Total expense | <u>(16,130)</u> | <u>17,063</u> |
| Underwriting profit (loss) | <u>537,639</u> | <u>(17,057)</u> |
| Other income: | | |
| Interest | 22,840 | 1,674 |
| Gain on sale of bonds | — | 12,181 |
| Sundry | <u>(495)</u> | <u>49</u> |
| Total other income | <u>22,345</u> | <u>13,904</u> |
| Operating surplus (deficit) for the year | 559,984 | (3,153) |
| Deficit at beginning of year | (137,809) | (194,192) |
| Decrease in reserve for reinsurance ceded to unregistered companies | <u>16,164</u> | <u>59,536</u> |
| Surplus (deficit) at end of year | <u>\$ 438,339</u> | <u>\$(137,809)</u> |

THE ALBERTA GENERAL INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Alberta General Insurance Company operates under the authority of The Alberta General Insurance Company Act, Chapter 9, Statutes of Alberta 1948.

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with accounting practices appropriate to Canadian insurance companies or as prescribed by the Alberta Insurance Act. These accounting practices differ from generally accepted accounting principles in that a reserve for reinsurance ceded to companies not registered or licensed in Canada is required to include amounts owed by such companies.

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Cessation of Business

During 1983 it was decided by the Company's directors that with the exception of one policy covering certain government property, The Alberta General Insurance Company would cease active business operations effective October 31, 1984.

During the current year a policy was renewed to January 1, 1987 and the government property policy continues to be in effect until September 20, 1987.

The ending of active business operations has the following effects:

- (a) The Province of Alberta guarantees claims under section 16(2) of The Alberta General Insurance Company Act. Claims may be reported for one year after occurrence for a property loss and two years for a liability claim. Therefore, it is possible that policies that expire in 1987 may have claims reported against them until 1989 and that the Province may be liable to pay claims, should the Company's assets prove to be insufficient.
- (b) At December 31, 1986 the Company has losses carried forward for income tax purposes in the amount of \$57,050. When the Company ceases business, the benefits of these losses carried forward will be lost.

Note 4 Approval of Financial Statements

These financial statements were approved by management.

THE WORKERS' COMPENSATION BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Changes in Accident Fund Balance
Summarized Statement of Operating Transactions
Statement of Reserve for Unfinalled Claims
Statement of Pension Fund
Statement of Reserves for Specific Claim Costs
Statement of Administrative, General and Accident Prevention Expenses
Statement of Rehabilitation Centre Operations
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of The
Workers' Compensation Board

I have examined the balance sheet of The Workers' Compensation Board as at December 31, 1986 and the following statements for the year then ended:

Statement of Changes in Accident Fund Balance
Summarized Statement of Operating Transactions
Statement of Reserve for Unfinalled Claims
Statement of Pension Fund
Statement of Reserves for Specific Claim Costs
Statement of Administrative, General and Accident Prevention Expenses
Statement of Rehabilitation Centre Operations

My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at December 31, 1986 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied, except for the change in the method of accounting for losses on fixed term investments and for significant permanent reductions in the value of mortgages and real estate as described in Note 3 to the financial statements, on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
March 30, 1987

THE WORKERS' COMPENSATION BOARD
BALANCE SHEET
AS AT DECEMBER 31, 1986
(in thousands of dollars)

| | 1986 | 1985 |
|--|--------------------|--------------------|
| ASSETS | | |
| Cash | \$ 28,897 | \$ 81,132 |
| Term deposits (Note 4) | 76,799 | 138,096 |
| Assessments receivable (Note 5) | 22,109 | 29,240 |
| Accounts receivable | 2,862 | 3,332 |
| Advances to pensioners | 2,429 | 3,224 |
| Accrued interest | 22,803 | 23,191 |
| Investments (Note 4) | 1,104,324 | 956,437 |
| Land, buildings and equipment (Note 6) | 11,379 | 12,804 |
| Deferred charges and other assets (Note 7) | 3,141 | 22,262 |
| | <u>\$1,274,743</u> | <u>\$1,269,718</u> |
| LIABILITIES AND RESERVES | | |
| Accounts payable | \$ 1,948 | \$ 3,450 |
| Deferred revenue (Note 8) | 1,898 | — |
| Employers' deposit accounts | 480 | 309 |
| Estimated merit rebates (Note 9) | — | 76,375 |
| Reserve for unfinalled claims | 541,400 | 338,000 |
| Pension fund | 682,100 | 640,600 |
| Reserves for specific claim costs | 336,600 | 324,300 |
| Reserve for loss on realization of investments | — | 15,900 |
| Accident fund balance (deficit) | (289,683) | (129,216) |
| | <u>\$1,274,743</u> | <u>\$1,269,718</u> |

The accompanying notes are part
of these financial statements.

THE WORKERS' COMPENSATION BOARD
STATEMENT OF CHANGES IN ACCIDENT FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1986
(in thousands of dollars)

| | 1986 | 1985 |
|--|---------------------------|---------------------------|
| BALANCE AT BEGINNING OF YEAR | \$(129,216) | \$(114,254) |
| Add: | | |
| Operating surplus (deficit) | (59,395) | (57,722) |
| Rehabilitation Centre operations (Note 10) | (1,029) | — |
| Closure of reserve for loss on realization of investments | 15,900 | — |
| | <u>(173,740)</u> | <u>(171,976)</u> |
| Deduct: | | |
| Write down of proposed facility | — | 4,673 |
| Write down of deposit of land (Note 7) | 3,000 | — |
| Transfer to (from): | | |
| Reserve for unfinalled claims | 129,533 | 1,735 |
| Pension fund | (44,563) | (116,632) |
| Reserves for specific claim costs | 27,973 | 67,464 |
| | <u>115,943</u> | <u>(42,760)</u> |
| BALANCE AT END OF YEAR | <u><u>\$(289,683)</u></u> | <u><u>\$(129,216)</u></u> |

THE WORKERS' COMPENSATION BOARD
SUMMARIZED STATEMENT OF OPERATING TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 1986
(in thousands of dollars)

| | Self- Insurers | Industry | 1986 Total | 1985 Total |
|--|-------------------|-------------------|--------------------|--------------------|
| REVENUE | | | | |
| Assessments | \$11,277 | \$290,691 | \$301,968 | \$344,766 |
| Deduct: Estimated or adjusted merit rebates (Note 9) | — | — | — | 76,730 |
| | <u>11,277</u> | <u>290,691</u> | <u>301,968</u> | <u>268,036</u> |
| Investment income | (25) | 129,453 | 129,428 | 128,724 |
| Deduct: Portion allocated (Note 11) | — | 135,294 | 135,294 | 130,128 |
| | <u>(25)</u> | <u>(5,841)</u> | <u>(5,866)</u> | <u>(1,404)</u> |
| | <u>\$11,252</u> | <u>\$284,850</u> | <u>\$296,102</u> | <u>\$266,632</u> |
| EXPENDITURE | | | | |
| Claim costs (Note 12) | \$10,979 | \$305,289 | \$316,268 | \$267,995 |
| Deduct portion charged to: | | | | |
| Reserve for unfinallad claims | — | 119,623 | 119,623 | 98,573 |
| Reserves for specific claim costs | 876 | 97,455 | 98,331 | 77,359 |
| | <u>10,103</u> | <u>88,211</u> | <u>98,314</u> | <u>92,063</u> |
| Provision for: | | | | |
| Reserve for unfinallad claims | — | 116,400 | 116,400 | 101,399 |
| Reserves for specific claim costs | — | 96,386 | 96,386 | 91,196 |
| Administrative and general expenses (Note 10) | 1,092 | 37,426 | 38,518 | 30,900 |
| Occupational Health and Safety (Note 13) | 57 | 5,822 | 5,879 | 6,180 |
| | <u>\$11,252</u> | <u>\$344,245</u> | <u>\$355,497</u> | <u>\$321,738</u> |
| PROVISIONAL SURPLUS (DEFICIT) | <u>\$ —</u> | <u>\$(59,395)</u> | <u>\$ (59,395)</u> | <u>\$ (55,106)</u> |
| Deduct: Appropriation for reserve for loss on realization of investments | | | — | 2,616 |
| OPERATING SURPLUS (DEFICIT) | | | <u>\$ (59,395)</u> | <u>\$ (57,722)</u> |

THE WORKERS' COMPENSATION BOARD
STATEMENT OF RESERVE FOR UNFINALLED CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 1986
(in thousands of dollars)

| | <u>1986</u> | <u>1985</u> |
|---|------------------|------------------|
| AMOUNTS PROVIDED | | |
| By industry in respect of current year | \$116,400 | \$101,399 |
| Investment income (Note 11) | <u>31,390</u> | <u>30,176</u> |
| | 147,790 | 131,575 |
| AMOUNT APPLIED | | |
| Claim costs in respect of prior years (Note 12) | <u>119,623</u> | <u>98,573</u> |
| NET INCREASE | 28,167 | 33,002 |
| Balance at beginning of year | <u>338,000</u> | <u>303,263</u> |
| | 366,167 | 336,265 |
| Transfer from (to) accident fund balance | <u>129,533</u> | <u>1,735</u> |
| | 495,700 | 338,000 |
| Transfer from rehabilitation reserve (Note 10) | <u>45,700</u> | <u>—</u> |
| BALANCE AT END OF YEAR | <u>\$541,400</u> | <u>\$338,000</u> |

THE WORKERS' COMPENSATION BOARD
STATEMENT OF PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 1986
(in thousands of dollars)

| | <u>1986</u> | <u>1985</u> |
|---|------------------|------------------|
| AMOUNTS PROVIDED | | |
| Pension awards (Note 12) | \$120,707 | \$ 107,803 |
| Investment income (Note 11) | 71,932 | 77,527 |
| Province of Alberta (Note 14) | <u>16,805</u> | <u>16,186</u> |
| | 209,444 | 201,516 |
| AMOUNT APPLIED | | |
| Pension payments | 122,586 | 97,143 |
| Deduct: Increase (decrease) in advances to pensioners | <u>(795)</u> | <u>(396)</u> |
| | 123,381 | 97,539 |
| NET INCREASE | 86,063 | 103,977 |
| Balance at beginning of year | <u>640,600</u> | <u>653,255</u> |
| | 726,663 | 757,232 |
| Transfer from (to) accident fund balance | <u>(44,563)</u> | <u>(116,632)</u> |
| BALANCE AT END OF YEAR | <u>\$682,100</u> | <u>\$640,600</u> |

THE WORKERS' COMPENSATION BOARD
STATEMENT OF RESERVES FOR SPECIFIC CLAIM COSTS
FOR THE YEAR ENDED DECEMBER 31, 1986
(in thousands of dollars)

| | Rehabilitation | Enhanced Disabilities | 1986 Total | 1985 Total |
|--|----------------|--------------------------|------------------|------------------|
| AMOUNTS PROVIDED | | | | |
| By industry in respect of current year | \$14,430 | \$ 81,956 | \$ 96,386 | \$ 91,196 |
| Investment income (Note 11) | 3,721 | 28,251 | 31,972 | 22,425 |
| | <u>18,151</u> | <u>110,207</u> | <u>128,358</u> | <u>113,621</u> |
| AMOUNTS APPLIED | | | | |
| Claim costs (Note 12) | 13,643 | 84,688 | 98,331 | 77,359 |
| Rehabilitation Centre operating deficit | — | — | — | 491 |
| Administrative and general expenses | — | — | — | 3,163 |
| | <u>13,643</u> | <u>84,688</u> | <u>98,331</u> | <u>81,013</u> |
| NET INCREASE (DECREASE) | 4,508 | 25,519 | 30,027 | 32,608 |
| Balance at beginning of year | 38,500 | 285,800 | 324,300 | 224,228 |
| | <u>43,008</u> | <u>311,319</u> | <u>354,327</u> | <u>256,836</u> |
| Transfer from (to) accident fund balance | 30,292 | (2,319) | 27,973 | 67,464 |
| | <u>73,300</u> | <u>309,000</u> | <u>382,300</u> | <u>324,300</u> |
| Transfer from (to) reserves (Note 10) | (73,300) | 27,600 | (45,700) | — |
| BALANCE AT END OF YEAR | <u>\$ —</u> | <u>\$336,600</u> | <u>\$336,600</u> | <u>\$324,300</u> |

THE WORKERS' COMPENSATION BOARD
STATEMENT OF ADMINISTRATIVE, GENERAL AND
ACCIDENT PREVENTION EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1986
(in thousands of dollars)

| | <u>1986</u> | <u>1985</u> |
|---|-----------------|-----------------|
| Salaries and employee benefits | \$28,795 | \$26,318 |
| Depreciation of buildings and equipment | 2,177 | 1,133 |
| Data processing and office equipment rentals and maintenance | 1,731 | 1,734 |
| Maintenance, rental and operation of buildings | 967 | 787 |
| Telephone | 787 | 694 |
| Printing and office supplies | 756 | 550 |
| Audit, legal and other professional fees | 748 | 228 |
| Travelling | 572 | 556 |
| Postage, freight and express | 564 | 526 |
| Professional and technical memberships, publications, courses and seminars | 409 | 335 |
| Taxes | 327 | 320 |
| Media productions and advertising | 131 | 106 |
| Insurance and security services | 104 | 94 |
| Staff recruitment and relocation | 70 | 126 |
| Miscellaneous | 135 | 85 |
| | <u>38,273</u> | <u>33,592</u> |
| Add: | | |
| Occupational Health and Safety (Note 13) | 5,879 | 6,180 |
| Alberta Health Care administration cost | 180 | 180 |
| Research grants | 75 | — |
| Administrative claim costs | 315 | 536 |
| | <u>6,449</u> | <u>6,896</u> |
| Deduct: | | |
| Rental revenue | 6 | 14 |
| Miscellaneous revenue | 319 | 231 |
| | <u>325</u> | <u>245</u> |
| | <u>\$44,397</u> | <u>\$40,243</u> |
| CHARGED TO: | | |
| Industry re: | | |
| Administrative and general | \$37,426 | \$29,474 |
| Occupational Health and Safety | 5,822 | 5,979 |
| Self-insurers re: | | |
| Administrative and general | 1,092 | 1,426 |
| Occupational Health and Safety | 57 | 201 |
| Reserve for rehabilitation (Note 10) | — | 3,163 |
| | <u>\$44,397</u> | <u>\$40,243</u> |

THE WORKERS' COMPENSATION BOARD
STATEMENT OF REHABILITATION CENTRE OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1986
(in thousands of dollars)

| | <u>1986</u> | <u>1985</u> |
|---|-------------------|-----------------|
| REVENUE | | |
| Treatment charges | \$ 4,922 | \$5,220 |
| Other | 373 | 273 |
| | <u>5,295</u> | <u>5,493</u> |
| EXPENDITURE | | |
| Salaries and employee benefits | 4,629 | 4,533 |
| Maintenance and operation of | | |
| building and equipment | 494 | 454 |
| Medical and therapy supplies | 387 | 334 |
| Cafeteria | 198 | 151 |
| Depreciation of building and equipment | 195 | 192 |
| Medical consulting fees | 95 | 15 |
| Telephone | 88 | 81 |
| Transportation of patients | 52 | 56 |
| Professional and technical memberships, | | |
| publications, courses and seminars | 46 | 40 |
| Laundry service and uniforms | 31 | 36 |
| Printing and office supplies | 27 | 18 |
| Travelling | 20 | 19 |
| Staff recruitment and relocation | 18 | 14 |
| Miscellaneous | 44 | 41 |
| | <u>6,324</u> | <u>5,984</u> |
| OPERATING SURPLUS (DEFICIT) | <u>\$ (1,029)</u> | <u>\$ (491)</u> |

**THE WORKERS' COMPENSATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986**

Note 1 Authority

The Workers' Compensation Board operates under the authority of the Workers' Compensation Act, Statutes of Alberta, 1981, Chapter W-16, as amended.

Note 2 Significant Accounting Policies**General:**

These financial statements have been prepared in accordance with generally accepted accounting principles except for the following:

- (i) A gain or loss on sale of a fixed term investment is deferred and amortized to the lesser of ten years or the appropriate maturity or call date of the disposed investment.
- (ii) A gain or loss on sale of an equity is deferred and amortized to investment income at 15% per annum, applied to the unamortized balance. Unrealized gains and losses are also amortized to investment income at 15% per annum, applied to the unamortized balance.
- (iii) Assessment revenue is adjusted by the allowance for doubtful assessments receivable.

Assessments Receivable:

Assessments receivable and assessment revenue are increased by an amount that is the net adjustment estimated to be required when all employers' payroll returns are received and payroll audits completed in respect to 1986.

Depreciation:

Depreciation is recorded as follows:

| | |
|---|--------------------------------|
| Central office building | 2½% diminishing balance |
| Regional office buildings and Rehabilitation Centre | 2½% straight line |
| Equipment - Data processing | 35% diminishing balance |
| - Other | 15% diminishing balance |
| Automobiles | 25% straight line (first year) |
| | 20% straight line (thereafter) |

Translation of Foreign Currency:

All assets and liabilities held in foreign currency are translated into Canadian dollars at the exchange rate prevailing at the balance sheet date except investments and term deposits which are translated at historical exchange rates.

Actuarial Liabilities:

Actuarial liabilities are the present value amounts estimated to be required to meet the future costs of claims in respect of current and prior years' accidents and are reviewed annually by an independent consulting actuary.

Accident Fund Balance Transfers:

The reserves and fund balances are maintained equal to the actuarial liabilities. Where there is a shortfall or excess between a reserve or fund balance and the calculated present value of the liability as at the balance sheet date, the difference is transferred from or to the accident fund balance.

Note 3 Changes in Accounting Policies

Prior to 1986, losses on fixed term investments and significant permanent reductions in the value of mortgages and real estate were charged to the reserve for loss on realization of investments. The annual provision for the reserve was appropriated from the operating deficit.

In 1986, the Board authorized the closure of this reserve and the balance transferred to the accident fund balance. Losses on fixed term investments and significant permanent reductions in the value of mortgages and real estate will now be charged to the accident fund balance when they are recognized. If this change in accounting policy had been applied retroactively, the effect would have been to reduce the 1985 opening accident fund balance by \$16,876,000, to reduce the 1985 operating deficit by \$2,616,000 and to show a charge to the accident fund balance in 1985 of \$3,592,000 for the write down of a real estate investment.

Note 4 Term Deposits and Investments

Term deposits are recorded at amortized cost and consist of certificates of deposit, guaranteed investment certificates, treasury bills and promissory notes.

Investments are recorded at amortized cost with the exception of real estate and equities which are at cost.

The approximate market value of investments as at December 31, 1986 amounts to \$1,240,957,000 (1985 - \$1,071,848,000).

Note 5 Assessments Receivable

In accordance with the accounting policy described in Note 2, assessments receivable and assessment revenue have been increased by \$15,707,000 (1985 - \$21,709,000).

The allowance for doubtful assessments receivable as at December 31, 1986 amounts to \$2,600,000 (1985 - \$3,500,000). Net bad debt write offs totalling \$1,409,000 (1985 - \$890,000) have been charged to the allowance. Assessments receivable are disclosed net of the allowance for doubtful assessments receivable.

Note 6 Land, Buildings and Equipment

Land, buildings and equipment are as follows (in thousands of dollars):

| | 1986 | | 1985 | |
|-----------|-----------------|--------------------------|-----------------|-----------------|
| | Cost | Accumulated Depreciation | Net Book Value | Net Book Value |
| Land | \$ 604 | \$ — | \$ 604 | \$ 604 |
| Buildings | 9,402 | 3,664 | 5,738 | 5,939 |
| Equipment | 9,907 | 4,870 | 5,037 | 6,261 |
| | <u>\$19,913</u> | <u>\$8,534</u> | <u>\$11,379</u> | <u>\$12,804</u> |

Note 7 Deferred Charges and Other Assets

Deferred charges and other assets are as follows (in thousands of dollars):

| | 1986 | 1985 |
|--|----------------|-----------------|
| Amortized gain or loss on equities, net (Note 2(ii)) | \$2,039 | \$ 4,835 |
| Unamortized software costs | 900 | 220 |
| Leasehold improvements | 202 | — |
| Unamortized net loss on sale of fixed term investments | — | 14,207 |
| Deposit for purchase of land | — | 3,000 |
| | <u>\$3,141</u> | <u>\$22,262</u> |

A decision by the Board not to proceed with a proposed administration and rehabilitation centre facility has resulted in a write off of the deposit for the purchase of land to the accident fund balance.

Note 8 Deferred Revenue

Deferred revenue is the net unamortized gain on sale of fixed term investments.

Note 9 Estimated Merit Rebates

Prior to 1986, an estimated liability was established for payment of merit rebates.

In 1986, a revised assessment program was implemented and an estimated liability for future merit rebates is no longer required. Any adjustments to merit rebates in respect of 1985 and prior years' assessment revenue are included in Assessments.

Note 10 Reserve for Rehabilitation

Prior to 1986, the reserve for rehabilitation had charged to it claim costs for rehabilitating injured workers, administrative costs relating to those claims and the operating results of the Rehabilitation Centre.

In 1986, the Board approved the closure of this reserve. The liability is transferred to the reserve for unfulfilled claims and the reserve for enhanced disabilities. Administrative costs for those claims formerly charged to the reserve are included in the Summarized Statement of Operating Transactions and the operating results of the Rehabilitation Centre are charged to the accident fund balance.

Note 11 Investment Income Allocation

The investment income has been allocated as follows (in thousands of dollars):

| | 1986 | 1985 |
|-----------------------------------|------------------|------------------|
| Reserve for unfulfilled claims | \$ 31,390 | \$ 30,176 |
| Pension fund | 71,932 | 77,527 |
| Reserves for specific claim costs | 31,972 | 22,425 |
| | <u>\$135,294</u> | <u>\$130,128</u> |

Note 12 Claim Costs

Claim costs are as follows (in thousands of dollars):

| | Self- Insurers | Industry | | 1986 Total | 1985 Total |
|--------------------------------------|-------------------|-----------------|----------------|------------------|------------------|
| | | 1986 | Prior Years | | |
| Compensation | \$ 3,409 | \$57,269 | \$ 87,112 | \$147,790 | \$116,335 |
| Pension awards | 5,165 | 19,673 | 94,810 | 119,648 | 106,450 |
| Medical aid | 2,405 | 18,955 | 27,470 | 48,830 | 45,210 |
| | <u>10,979</u> | <u>95,897</u> | <u>209,392</u> | <u>316,268</u> | <u>267,995</u> |
| Deduct portion charged to: | | | | | |
| Reserve for unfinalled claims | — | — | 119,623 | 119,623 | 98,573 |
| Reserves for specific claim costs | 876 | 7,686 | 89,769 | 98,331 | 77,359 |
| | <u>\$10,103</u> | <u>\$88,211</u> | <u>\$ —</u> | <u>\$ 98,314</u> | <u>\$ 92,063</u> |

Medical aid includes reimbursements to Alberta Health Care Insurance Fund for payment of basic health services provided to injured workers in the amount of \$11,546,000 (1985 - \$9,855,000). Also included are charges in the amount of \$5,295,000 (1985 - \$5,493,000) for treatment of injured workers at the Rehabilitation Centre.

Pension awards are net of recoveries credited to employers' accident experience in the amount of \$1,059,000 (1985 - \$1,353,000). These pension award recoveries are retained in the Pension Fund.

Note 13 Occupational Health and Safety

In accordance with Order in Council 51/86 dated January 23, 1986 The Workers' Compensation Board paid to the Provincial Treasurer an amount of \$5,879,000 in 1986 to partially defray the costs of administering the Occupational Health and Safety Act.

Note 14 Additional Payments of Compensation

Reimbursement is received from the General Revenue Fund of the Province of Alberta to cover payments made under Sections 42, 52 and 71 of the Act.

Note 15 Comparative Figures

The 1985 figures are reclassified where necessary to conform to 1986 presentation.

Note 16 Approval of Financial Statements

These financial statements were approved by the Board.

ALBERTA INTERMODAL SERVICES LTD.
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Net Loss and Deficit
Statement of Changes in Financial Position
Notes to the Financial Statements
Schedule of Business Development Expenses

AUDITOR'S REPORT

To the Shareholder of Alberta
Intermodal Services Ltd.

I have examined the balance sheet of Alberta Intermodal Services Ltd. as at December 31, 1986 and the statements of net loss and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of Alberta Intermodal Services Ltd. as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.



C.A.
Auditor General

Edmonton, Alberta
March 13, 1987

ALBERTA INTERMODAL SERVICES LTD.
BALANCE SHEET
DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 9,528,010 | \$13,623,695 |
| Trade receivables | 1,632,203 | — |
| Prepaid expenses and advances | 39,122 | 6,227 |
| | <u>11,199,335</u> | <u>13,629,922</u> |
| Deferred: | | |
| Business development expenses | — | 460,299 |
| Fixed assets (Note 3) | <u>7,727,241</u> | <u>7,324,771</u> |
| | <u>\$18,926,576</u> | <u>\$21,414,992</u> |
| LIABILITIES AND SHAREHOLDER'S EQUITY | | |
| Current: | | |
| Accounts payable | \$ 474,982 | \$ 1,036,849 |
| Accrued expenses | 290,617 | — |
| Deferred revenue | 23,770 | — |
| | <u>789,369</u> | <u>1,036,849</u> |
| Shareholder's equity: | | |
| Share capital: | | |
| Authorized - unlimited number of common shares without par value | | |
| Issued - 20,000 shares | 20,000,000 | 20,000,000 |
| Surplus (deficit) | (1,862,793) | 378,143 |
| | <u>18,137,207</u> | <u>20,378,143</u> |
| | <u>\$18,926,576</u> | <u>\$21,414,992</u> |

The accompanying notes are part
of these financial statements.

ALBERTA INTERMODAL SERVICES LTD.
STATEMENT OF NET LOSS AND DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> (Note 1) |
|----------------------------------|----------------------|-------------------------|
| Sales | \$ 6,848,199 | \$ — |
| Cost of sales | <u>7,170,657</u> | — |
| Gross operating loss | <u>(322,458)</u> | — |
| Expenses: | | |
| Operating | 612,582 | — |
| General and administrative | 595,081 | — |
| Marketing and sales | 463,627 | — |
| Depreciation and amortization | 235,466 | — |
| Business development, Schedule 1 | 1,080,188 | — |
| | <u>2,986,944</u> | — |
| Operating loss | <u>(3,309,402)</u> | — |
| Interest income | 1,068,466 | 378,143 |
| Net income (loss) for the year | <u>(2,240,936)</u> | <u>378,143</u> |
| Surplus at beginning of year | 378,143 | — |
| Surplus (deficit) at end of year | <u>\$(1,862,793)</u> | <u>\$378,143</u> |

ALBERTA INTERMODAL SERVICES LTD.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> (Note 1) |
|---|---------------------|-------------------------|
| Operating activities: | | |
| Net income (loss) for the year | \$ (2,240,936) | \$ 378,143 |
| Write-off of business development expenses | 460,299 | — |
| Depreciation and amortization | 235,466 | — |
| Loss on disposal of fixed assets | 1,982 | — |
| Net change in non-cash working capital balances | <u>(1,912,578)</u> | <u>1,030,622</u> |
| | <u>(3,455,767)</u> | <u>1,408,765</u> |
| Investing activities: | | |
| Purchase of fixed assets | (642,578) | (7,324,771) |
| Proceeds from disposal of fixed assets | 2,660 | — |
| Business development costs | <u>—</u> | <u>(460,299)</u> |
| | <u>(639,918)</u> | <u>(7,785,070)</u> |
| Financing activities: | | |
| Common shares issued | <u>—</u> | <u>20,000,000</u> |
| Increase (decrease) in cash during the year | (4,095,685) | 13,623,695 |
| Cash at beginning of year | <u>13,623,695</u> | <u>—</u> |
| Cash at end of year | <u>\$ 9,528,010</u> | <u>\$13,623,695</u> |

ALBERTA INTERMODAL SERVICES LTD.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Company was incorporated on May 27, 1985 under the Business Corporations Act, Chapter B-15, Statutes of Alberta 1981, and commenced operations on January 2, 1986.

All the issued common shares of the Company are held by the Province of Alberta and accordingly the Company is exempt from income tax.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and amortization.

Depreciation and amortization is calculated on the straight-line method over the estimated useful lives of the assets at the following annual rates:

| | |
|--------------------------------|-----|
| Yard improvements | 5% |
| Buildings | 10% |
| Office furniture and equipment | 20% |
| Leasehold improvements | 20% |

(b) Business Development Expenses

Business development expenses deferred at December 31, 1985 represented all expenditures incurred prior to the start of operations. During the year ended December 31, 1986, these expenses were fully written off to operations.

Expenses incurred during the year ended December 31, 1986 towards the development of business operating systems and the promotion of the Company's services have been charged directly to operations.

Note 3 Fixed Assets

Fixed assets consist of the following:

| | December 31, 1986 | | | 1985 |
|-----------------------------------|--------------------|---|--------------------|--------------------|
| | Cost | Accumulated Depreciation and Amortization | Net Book Value | Cost |
| Land | \$4,789,382 | \$ — | \$4,789,382 | \$4,783,601 |
| Yard improvements | 2,211,092 | 110,555 | 2,100,537 | 1,990,448 |
| Buildings | 508,964 | 50,896 | 458,068 | 458,174 |
| Office furniture and equipment | 441,842 | 72,638 | 369,204 | 92,548 |
| Leasehold improvements | 11,064 | 1,014 | 10,050 | — |
| | <u>\$7,962,344</u> | <u>\$235,103</u> | <u>\$7,727,241</u> | <u>\$7,324,771</u> |

Note 4 Commitments

The Company has entered into contractual arrangements to place with a carrier a minimum volume of traffic with an approximate cost at current rates of \$21 million, over a period of four years ending December 31, 1990.

The Company is committed to a minimum usage of leased rail car equipment at a cost of \$252,000 for the year ending December 31, 1987.

Note 5 Approval of Financial Statements

These financial statements were approved by management.

Schedule 1

ALBERTA INTERMODAL SERVICES LTD.
SCHEDULE OF BUSINESS DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1986

| | |
|---|--------------------|
| Consulting | \$ 237,128 |
| Systems analysis and programming | 272,687 |
| Advertising | 74,756 |
| Other | <u>35,318</u> |
| | 619,889 |
| Business development expenses deferred at December 31, 1985 | |
| fully written off during 1986 | <u>460,299</u> |
| | <u>\$1,080,188</u> |

ALBERTA LIQUOR CONTROL BOARD
FINANCIAL STATEMENTS
JANUARY 6, 1987

Auditor's Report
Balance Sheet
Statement of Income
Statement of Income Remitted to Provincial Treasurer
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the
Alberta Liquor Control Board

I have examined the balance sheet of the Alberta Liquor Control Board as at January 6, 1987 and the statements of income, income remitted to Provincial Treasurer and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at January 6, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
April 29, 1987

ALBERTA LIQUOR CONTROL BOARD
BALANCE SHEET
AS AT JANUARY 6, 1987
(thousands of dollars)

| | January 6, 1987 | January 7, 1986 |
|--|--------------------|--------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 5,230 | \$ 8,226 |
| Accounts receivable | 1,891 | 1,470 |
| Inventories (Note 3) | 57,365 | 54,112 |
| Prepaid expenses | 2,469 | 2,749 |
| | <u>66,955</u> | <u>66,557</u> |
| Fixed assets (Note 4) | 122,307 | 116,604 |
| | <u>\$189,262</u> | <u>\$183,161</u> |
| LIABILITIES AND APPROPRIATION | | |
| Current: | | |
| Accounts payable | \$ 29,926 | \$ 33,241 |
| Unremitted income payable to Provincial Treasurer | 21,336 | 24,920 |
| | <u>51,262</u> | <u>58,161</u> |
| Appropriation for capital (Note 5) | 138,000 | 125,000 |
| | <u>\$189,262</u> | <u>\$183,161</u> |

The accompanying notes are part
of these financial statements.

ALBERTA LIQUOR CONTROL BOARD
STATEMENT OF INCOME
FOR THE YEAR ENDED JANUARY 6, 1987
(thousands of dollars)

| | Fiscal 1986 | Fiscal 1985 |
|---|------------------|------------------|
| Sales: | | |
| Spirits and wine | \$526,398 | \$540,886 |
| Beer | <u>382,500</u> | <u>352,958</u> |
| | <u>908,898</u> | <u>893,844</u> |
| Deduct: Cost of goods sold: | | |
| Spirits and wine | 251,850 | 262,500 |
| Beer | <u>267,014</u> | <u>243,443</u> |
| | <u>518,864</u> | <u>505,943</u> |
| Gross profit on sales | <u>390,034</u> | <u>387,901</u> |
| Deduct: | | |
| Store operating expense | 44,581 | 45,020 |
| Administration and general expense | 21,159 | 19,633 |
| Warehouse expense | <u>7,182</u> | <u>6,941</u> |
| | <u>72,922</u> | <u>71,594</u> |
| Net profit on sales | 317,112 | 316,307 |
| Add: Other income, net (Note 6) | 7,229 | 7,618 |
| Deduct: Environmental expense, net (Note 7) | <u>(2,925)</u> | <u>(3,236)</u> |
| Net income for the year | <u>\$321,416</u> | <u>\$320,689</u> |

ALBERTA LIQUOR CONTROL BOARD
STATEMENT OF INCOME REMITTED TO PROVINCIAL TREASURER
FOR THE YEAR ENDED JANUARY 6, 1987
(thousands of dollars)

| | Fiscal 1986 | Fiscal 1985 |
|---|------------------|------------------|
| Unremitted income at beginning of year | \$ 24,920 | \$ 27,231 |
| Add: Net income for the year | <u>321,416</u> | <u>320,689</u> |
| | 346,336 | 347,920 |
| Deduct: Appropriation for capital | <u>13,000</u> | <u>—</u> |
| | 333,336 | 347,920 |
| Deduct: Remittances to Provincial Treasurer | <u>312,000</u> | <u>323,000</u> |
| Unremitted income at end of year | <u>\$ 21,336</u> | <u>\$ 24,920</u> |

ALBERTA LIQUOR CONTROL BOARD
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED JANUARY 6, 1987
(thousands of dollars)

| | Fiscal 1986 | Fiscal 1985 |
|--|------------------|------------------|
| Operating activities: | | |
| Net income for the year | \$ 321,416 | \$ 320,689 |
| Depreciation and amortization | 6,251 | 6,397 |
| Gain on disposal of fixed assets, net | (285) | (974) |
| Net change in non-cash working capital balances | <u>(6,709)</u> | <u>(1,391)</u> |
| Cash from operations | 320,673 | 324,721 |
| Remittances to Provincial Treasurer | <u>(312,000)</u> | <u>(323,000)</u> |
| Increase to cash remaining for investment | <u>8,673</u> | <u>1,721</u> |
| Investing activities: | | |
| Purchase of fixed assets | (12,220) | (8,732) |
| Proceeds from disposal of fixed assets | <u>551</u> | <u>1,308</u> |
| | <u>(11,669)</u> | <u>(7,424)</u> |
| Decrease in cash during the year | (2,996) | (5,703) |
| Cash at beginning of year | <u>8,226</u> | <u>13,929</u> |
| Cash at end of year | <u>\$ 5,230</u> | <u>\$ 8,226</u> |

ALBERTA LIQUOR CONTROL BOARD
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 6, 1987

Note 1 Authority

The Alberta Liquor Control Board operates under the authority of the Liquor Control Act, Chapter L-17, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices**Fiscal Year**

The Liquor Control Act specifies the first Tuesday in each calendar year as the fiscal year end of the Board. Accordingly, the fiscal year 1986 comprised 52 weeks ended January 6, 1987 and fiscal year 1985 comprised 53 weeks ended January 7, 1986.

Inventories

Inventories are valued at cost which is not in excess of net realizable value. Cost is determined as follows:

| | |
|--------------------------|--|
| Stores and warehouses | — Invoiced cost, freight, and duties and taxes |
| In bond | — Invoiced cost and freight |
| In transit and suppliers | — Invoiced cost |

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and amortization.

Depreciation and amortization are calculated on the straight-line method at annual rates which will reduce the original cost to estimated residual value over the useful life of the asset, as follows:

| | |
|---------------------------|--|
| Buildings | — 2% to 5% |
| Furniture and equipment | |
| Cost \$50,000 and greater | — 10% to 33.3% |
| Cost less than \$50,000 | — 100% |
| Leasehold improvements | — 2.5% or remainder of lease whichever is lesser |
| Vehicles | — 12.5% to 20% |

Note 3 Inventories

| | January 6, 1987 | | January 7, 1986 | |
|-------------|------------------|----------------|------------------|----------------|
| | Spirits and Wine | Beer | Spirits and Wine | Beer |
| Stores | \$25,500 | \$5,114 | \$21,240 | \$4,130 |
| Warehouses | | | | |
| - Duty paid | 2,604 | 159 | 2,606 | 129 |
| - In bond | 16,796 | 779 | 19,695 | 1,124 |
| In transit | 5,549 | 311 | 4,345 | 390 |
| Suppliers | 553 | — | 453 | — |
| | <u>\$51,002</u> | <u>\$6,363</u> | <u>\$48,339</u> | <u>\$5,773</u> |
| Total | <u>\$57,365</u> | | <u>\$54,112</u> | |

Duties and taxes amounting to approximately \$11,055,000 (1986 \$13,269,000) will become payable when the inventories held in bond are released for sale.

Note 4 Fixed Assets

| | January 6, 1987 | | January 7, 1986 | |
|-------------------------|------------------------|---|------------------|------------------|
| | (thousands of dollars) | | | |
| | Cost | Accumulated Depreciation and Amortization | Net Book Value | Net Book Value |
| Land | \$ 21,278 | \$ — | \$ 21,278 | \$ 18,895 |
| Buildings | 102,474 | 12,626 | 89,848 | 89,721 |
| Furniture and equipment | 25,267 | 19,409 | 5,858 | 6,922 |
| Leasehold improvements | 7,080 | 2,003 | 5,077 | 761 |
| Vehicles | 665 | 419 | 246 | 305 |
| | <u>\$156,764</u> | <u>\$34,457</u> | <u>\$122,307</u> | <u>\$116,604</u> |

Note 5 Appropriation for Capital

The Liquor Control Act provides that the Board shall maintain a capital account to provide funds for acquiring land and buildings and maintaining the inventories and other assets necessary to the operations of the Board. Based on an application made by the Board during the 1985 fiscal year the Lieutenant Governor in Council approved an increase in the appropriation for capital of \$13,000,000 on January 23, 1986.

Note 6 Other Income

| | Fiscal 1986 | Fiscal 1985 |
|---------------------------------------|------------------------|----------------|
| | (thousands of dollars) | |
| Licences and permits: | | |
| Revenue | \$8,087 | \$8,280 |
| Expenditure | <u>2,604</u> | <u>2,676</u> |
| | 5,483 | 5,604 |
| Liquor levies and commissions | 1,148 | 310 |
| Gain on disposal of fixed assets, net | 285 | 974 |
| Miscellaneous | <u>313</u> | <u>730</u> |
| | <u>\$7,229</u> | <u>\$7,618</u> |

Note 7 Environmental Expense, Net

This expense represents the net cost of administering and refunding deposits on spirits, wine and imported beer containers pursuant to the Beverage Container Act, Chapter B-4, Revised Statutes of Alberta 1980, as amended.

Note 8 Commitments

Capital

The Board has commitments in respect of land purchase agreements and uncompleted building contracts of approximately \$1,271,000.

Leases

A number of the Board's stores operate under lease arrangements with terms ranging from one to fifty years. The Board also leases data processing equipment with terms ranging from one to four years. The approximate aggregate rental under these arrangements is summarized as follows:

| | |
|-------------------|------------------------|
| | (thousands of dollars) |
| Fiscal 1987 | \$ 6,505 |
| 1988 | 5,581 |
| 1989 | 5,155 |
| 1990 | 4,178 |
| 1991 | 3,667 |
| Balance to expiry | <u>9,631</u> |
| | <u>\$34,717</u> |

Note 9 Comparative Figures

The comparative figures have been reclassified where necessary to conform to current presentation.

Note 10 Approval of Financial Statements

These financial statements were approved by management.

THE ALBERTA GOVERNMENT TELEPHONES COMMISSION
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Consolidated Balance Sheet
Consolidated Statement of Income and Retained Earnings
Consolidated Statement of Changes in Financial Position
Notes to the Consolidated Financial Statements

AUDITOR'S REPORT

To the Members of
The Alberta Government Telephones Commission

I have examined the consolidated balance sheet of The Alberta Government Telephones Commission as at December 31, 1986 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Commission as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
February 28, 1987

THE ALBERTA GOVERNMENT TELEPHONES COMMISSION
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1986
(thousands of dollars)

| | <u>1986</u> | <u>1985</u> |
|--|--------------------|--------------------|
| ASSETS | | |
| Telephone property, at cost: | | |
| Buildings and equipment | \$3,021,294 | \$2,932,434 |
| Less: Accumulated depreciation | <u>1,258,304</u> | <u>1,106,137</u> |
| | 1,762,990 | 1,826,297 |
| Land | 45,815 | 45,916 |
| Plant under construction | 79,384 | 37,389 |
| Materials and supplies | <u>57,138</u> | <u>54,317</u> |
| | 1,945,327 | 1,963,919 |
| Unamortized station connection costs (Note 4) | <u>—</u> | 22,998 |
| Investments (Note 5) | <u>28,249</u> | <u>8,428</u> |
| Current: | | |
| Cash and short-term deposits | 16,835 | 6,001 |
| Accounts receivable | 161,153 | 156,161 |
| Grants receivable (Note 2(d)) | 16,252 | — |
| Prepaid expenses | 18,408 | 13,882 |
| Inventories for resale, at cost | 22,924 | 30,905 |
| Net investment in leases and mortgages (Note 6) | <u>16,607</u> | <u>12,015</u> |
| | 252,179 | 218,964 |
| Net investment in leases and mortgages (Note 6) | <u>40,455</u> | <u>40,860</u> |
| Deferred charges (Note 7) | <u>46,106</u> | <u>55,406</u> |
| | <u>\$2,312,316</u> | <u>\$2,310,575</u> |
| LIABILITIES | | |
| Long-term debt (Note 8) | \$2,223,189 | \$2,203,983 |
| Less: Sinking fund assets (Note 9) | <u>469,110</u> | <u>366,802</u> |
| | 1,754,079 | 1,837,181 |
| Current: | | |
| Bank overdraft | 808 | 9,541 |
| Notes payable | 155,035 | 134,466 |
| Accounts payable | 54,541 | 58,710 |
| Wages payable | 52,845 | 51,034 |
| Accrued interest | 56,961 | 61,521 |
| Service billed in advance | 33,577 | 29,450 |
| Current portion of mortgages payable (Note 8) | <u>431</u> | <u>396</u> |
| | 354,198 | 345,118 |
| Deferred revenue | <u>30,221</u> | <u>17,537</u> |
| Retained earnings | <u>173,818</u> | <u>110,739</u> |
| Commitments and contingent liabilities (Note 10) | | |
| | <u>\$2,312,316</u> | <u>\$2,310,575</u> |

The accompanying notes are part of these consolidated financial statements.

THE ALBERTA GOVERNMENT TELEPHONES COMMISSION
 CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
 FOR THE YEAR ENDED DECEMBER 31, 1986
 (thousands of dollars)

| | <u>1986</u> | <u>1985</u> |
|--|-------------------|-------------------|
| Operating revenues: | | |
| Long distance service | \$ 702,315 | \$ 686,806 |
| Local service | 314,895 | 332,884 |
| Other (Note 11) | 60,283 | 55,921 |
| Uncollectible operating revenues | (10,351) | (12,117) |
| | <u>1,067,142</u> | <u>1,063,494</u> |
| Operating expenses: | | |
| Depreciation | 206,517 | 183,517 |
| Maintenance | 194,192 | 196,400 |
| Traffic | 34,889 | 35,668 |
| Commercial and marketing | 74,857 | 76,903 |
| General and administration | 213,988 | 201,328 |
| Property and business taxes | 25,144 | 24,013 |
| Pension fund (Note 12) | 21,803 | 22,076 |
| | <u>771,390</u> | <u>739,905</u> |
| Net operating revenues | 295,752 | 323,589 |
| Other income (Note 13) | 75,415 | 38,732 |
| | <u>371,167</u> | <u>362,321</u> |
| Interest and other deductions (Note 14) | 286,132 | 290,621 |
| Amortization of station connection costs (Note 4) | 22,998 | 22,998 |
| | <u>62,037</u> | <u>48,702</u> |
| Net income before extraordinary items | 62,037 | 48,702 |
| Extraordinary items (Note 15) | 1,042 | — |
| | <u>63,079</u> | <u>48,702</u> |
| Net income for the year | 63,079 | 48,702 |
| Restated retained earnings at beginning of year (Note 3) | 110,739 | 62,037 |
| Retained earnings at end of year | <u>\$ 173,818</u> | <u>\$ 110,739</u> |

The accompanying notes are part of these consolidated financial statements.

THE ALBERTA GOVERNMENT TELEPHONES COMMISSION
 CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
 FOR THE YEAR ENDED DECEMBER 31, 1986
 (thousands of dollars)

| | <u>1986</u> | <u>1985</u> |
|---|------------------|-------------------|
| Operating activities: | | |
| Net income before extraordinary items | \$ 62,037 | \$ 48,702 |
| Items not requiring an outlay of cash: | | |
| Depreciation and amortization | 243,550 | 223,336 |
| Other (Note 16) | 23,578 | 1,000 |
| Sinking fund earnings | (77,383) | (32,445) |
| Net change in non-cash working capital components (Note 16) | <u>(25,172)</u> | <u>(27,892)</u> |
| | 226,610 | 212,701 |
| Cash provided by extraordinary items | <u>2,083</u> | <u>—</u> |
| Cash provided by operating activities | <u>228,693</u> | <u>212,701</u> |
| Financing activities: | | |
| Proceeds from long-term debt issues | 150,000 | — |
| Repayment of long-term debt | (152,722) | (29,769) |
| Increase (decrease) in notes payable | <u>20,569</u> | <u>(35,587)</u> |
| Cash provided by (used by) financing activities | <u>17,847</u> | <u>(65,356)</u> |
| Investing activities: | | |
| Capital expenditures | (226,165) | (180,688) |
| Less: items not requiring an outlay of cash | 33,044 | 46,017 |
| Increase in materials and supplies | (2,821) | (3,827) |
| (Increase) decrease in leases and mortgages | 405 | (11,701) |
| Increase in investments | <u>(31,436)</u> | <u>(1,525)</u> |
| Cash used by investing activities | <u>(226,973)</u> | <u>(151,724)</u> |
| Cash and cash equivalents: | | |
| Increase (decrease) during the year | 19,567 | (4,379) |
| Balance at beginning of year | <u>(3,540)</u> | <u>839</u> |
| Balance at end of year | <u>\$ 16,027</u> | <u>\$ (3,540)</u> |

The accompanying notes are part of these consolidated financial statements.

THE ALBERTA GOVERNMENT TELEPHONES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Alberta Government Telephones Commission operates under the authority of the Alberta Government Telephones Act, Chapter A-23, Revised Statutes of Alberta 1980.

Note 2 Summary of Significant Accounting Policies

(a) Telephone Property

Telephone property is recorded at original cost and includes materials, direct labour, certain general overhead costs associated with construction activity and an allowance for funds utilized during construction. Materials and supplies are valued substantially at average cost.

The Commission continually reviews the application of this capitalization policy in accordance with accounting standardization policies of the Telecom Canada companies.

Resulting from this review, no changes in capitalization were made in 1986.

(b) Depreciation

Depreciation is provided on a straight-line basis using rates determined by a continuing program of engineering studies, calculated to allocate to operations the cost of groups of property with equal service lives over the estimated useful lives of the groups.

When depreciable telephone property is retired for reasons of exhausted service capacity, obsolescence, loss or destruction, the original cost of such property, adjusted by any disposal proceeds and costs of removal, is charged to accumulated depreciation. Gains or losses on disposal of depreciable telephone property are allocated to operations over the remaining estimated useful lives of appropriate property groups.

When depreciable telephone property subject to resale in the ordinary course of business (such as customer premise equipment) is sold, the original cost of such property less accumulated depreciation is netted against sale proceeds and the difference is reflected in local service revenues.

The composite depreciation rate for the year ended December 31, 1986 was 7.27% compared to 6.23% for the previous year. Total depreciation of \$219,688,000 (1985 \$200,225,000) includes \$11,792,000 (1985 \$14,911,000) distributed to other operating expenses and \$1,379,000 (1985 \$1,797,000) distributed to telephone property.

(c) Translation of Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Other assets and liabilities and items affecting earnings are converted at the rate of exchange in effect at the date of the transaction.

Unrealized net exchange gains or losses are deferred and amortized over the remaining lives of the related assets and liabilities.

Realized exchange gains or losses are reflected in net income for the year.

Self-sustaining foreign operations are translated using the current rate method. Under this method, all assets and liabilities are translated into Canadian dollars at year-end exchange rates; revenue and expenses are translated at exchange rates in effect during the year. Net translation gains or losses arising from changes in exchange rates are treated as deferred charges.

(d) Deferred Revenue

Deferred revenue relates to the capital cost of equipment rented under operating leases and grants from the Government of the Province of Alberta under the Individual Line Service program. It is recognized as income on a straight-line basis over the estimated useful life of the related equipment. Deferred revenue to be recognized as income within one year is included with service billed in advance.

The amount of grants credited to deferred revenue in 1986 amounted to \$16,252,000. \$2,942,000 will be recognized as income in 1987.

(e) Amortization

Deferred charges, discounts or premiums on long-term monetary assets and liabilities are amortized on a straight-line basis over the remaining lives of the related assets and liabilities.

Where interest coupons and residuals are held as separate investments in sinking funds, discounts are amortized over the period to maturity so as to produce a constant rate of return on the investments.

Intangible assets are amortized on a straight-line basis over a specified period.

(f) Investment in Leases

Unearned finance income related to sales-type leases is taken into income over the lease term to produce a constant rate of return on the investment in the lease.

Note 2 Summary of Significant Accounting Policies (continued)

(g) Consolidation

These consolidated financial statements include the accounts of wholly owned subsidiaries, Alta Telecom International Ltd., Alta Telecom Inc., Alta Telecom Licensing Corporation, Alta-Can Telecom Inc. and 288922 Alberta Ltd. The investment in affiliated company, NovAtel Communications Ltd., is accounted for by the equity method. All significant transactions between these companies included in the consolidation have been eliminated, except for purchase of telecommunications equipment and supplies by Alberta Government Telephones from the affiliated company which are reflected in the consolidated balance sheet at cost to the parent and are included in the consolidated income statement. To the extent that any income related to these revenues has not been offset by depreciation or other operating expenses, it remains in consolidated income and retained earnings. This practice is generally followed in regulated industries.

Note 3 Prior Period Adjustment

The 1985 financial statements have been restated to adjust the amortization of costs related to a 1983 intercompany transaction. The opening retained earnings balance for 1985 has been increased by \$974,000 for the portion applicable to 1983 and 1984 while net income for 1985 has been increased by \$486,000.

Note 4 Amortization of Station Connection Costs

The balance of undepreciated capital costs for the installation of customer premise equipment as at December 31, 1984 was amortized over a two year period beginning January 1, 1985 in conjunction with a change in capitalization policy. \$22,998,000 has been included as amortization of station connection costs in each of the years 1985 and 1986 in determining net income before extraordinary items.

Note 5 Investments

Investments consist of the following:

| | <u>1986</u> | <u>1985</u> |
|---|---------------------|--------------------|
| NovAtel Communications Ltd. (held by 288951 Alberta Ltd.) 100 common shares without par value, and 3,117,100 preferred shares, at equity | \$21,106,276 | \$ 231,236 |
| Telesat Canada 279,900 common shares without par value, at cost | 2,799,000 | 2,799,000 |
| Cybernex Ltd. (held by Alta-Can Telecom Inc.) 150,000 common shares without par value and 2,000 preferred shares without par value, at cost | 2,000,015 | 2,000,015 |
| Telematic Products, Inc. (held by Alta-Can Telecom Inc.) 285,714 preferred shares, par value \$.10 U.S. at cost | — | 1,300,399 |
| Vodavi Technology Corporation (held by Alta-Can Telecom Inc.) 161,290 common shares without par value, at cost | 1,119,191 | — |
| Idacom Electronics Ltd. (held by Alta-Can Telecom Inc.) 30,395 common shares without par value, at cost | 550,000 | 550,000 |
| Woods Alta Group (held by Alta Telecom Inc.) Unincorporated Joint Venture, at equity | — | 870,637 |
| Other investments, at cost | <u>674,252</u> | <u>676,335</u> |
| | <u>\$28,248,734</u> | <u>\$8,427,622</u> |

As of January 1, 1986, the unincorporated telecommunications joint venture undertaking carried out through subsidiary company 288951 Alberta Ltd. was terminated and the assets and liabilities sold in exchange for 55.5 common shares and 3,116,600 preferred shares in NovAtel Communications Ltd. All outstanding and issued shares of Telematic Products Inc. were purchased by Vodavi Technology Corporation. Telematic shares held by Alta-Can Telecom Inc. were exchanged for 161,290 common shares of Vodavi Technology Corporation.

Note 6 Net Investment in Leases and Mortgages

The net investment in leases and mortgages results from the sale of assets to customers under a lease purchase plan and from the sale of rental homes to employees. Principal due within one year has been reclassified under current assets.

Net investment in leases and mortgages consists of the following:

| | 1986 | 1985 |
|--|------------------------|------------------|
| | (thousands of dollars) | |
| Total minimum lease and mortgage payments receivable | \$ 71,501 | \$ 68,925 |
| Unearned finance income | (14,439) | (16,050) |
| | 57,062 | 52,875 |
| Less: Current portion | 16,607 | 12,015 |
| | <u>\$ 40,455</u> | <u>\$ 40,860</u> |

Note 7 Deferred Charges

Unamortized deferred charges consist of the following:

| | 1986 | 1985 |
|---|------------------------|-----------------|
| | (thousands of dollars) | |
| Unrealized exchange loss, net | \$29,301 | \$37,045 |
| Debt discount | 9,659 | 9,095 |
| Other | 7,146 | 9,266 |
| | <u>\$46,106</u> | <u>\$55,406</u> |
| Amortization charged to net income for the year | <u>\$ 9,566</u> | <u>\$ 9,657</u> |

Note 8 Long-Term Debt

Long-term debt is summarized as follows:

| | 1986 | 1985 |
|---|------------------------|--------------------|
| | (thousands of dollars) | |
| Debentures payable in United States funds, maturing 1987 to 1996, bearing interest at 4.75% to 9.50% | \$ 203,669 | \$ 204,910 |
| Exchange premium, net, at dates of issue | 13,391 | 13,421 |
| Unrealized exchange loss | 64,105 | 68,195 |
| | <u>281,165</u> | <u>286,526</u> |
| Debentures payable in Canadian funds, maturing 1987 to 2003, bearing interest at 6.00% to 17.75% | <u>1,930,396</u> | <u>1,905,396</u> |
| Mortgages payable in Canadian funds, repayable in monthly instalments, maturing 1995 and 1999, bearing interest at 8.25% and 11.50% | 12,059 | 12,457 |
| Less: Principal included in current liabilities | 431 | 396 |
| | <u>11,628</u> | <u>12,061</u> |
| | <u>\$2,223,189</u> | <u>\$2,203,983</u> |

- Debentures are unconditionally guaranteed as to principal and interest by the Government of the Province of Alberta.
- In accordance with debenture deeds, certain issues require annual sinking fund contributions of 1.00% to 2.00% of the principal amounts outstanding. Contributions are required during periods varying from 15 to 25 years before maturity.
- Certain debentures have early redemption provisions at the Commission's option during periods prior to maturity varying from 2 to 4 years for Canadian dollar issues and 10 to 13 years for United States dollar issues.
- Amounts of debentures repayable within one year are classified as long-term debt inasmuch as it is anticipated that payments will be made from the proceeds of refinancing rather than from current assets.

Note 8 Long-Term Debt (continued)

- (e) Anticipated requirements to meet long-term debt repayments and sinking fund provisions during the next five years (excluding exchange on debt repayments to be made in United States funds), are as follows:

| Year | Debenture | Sinking Fund | | Total |
|------|------------------------|--------------|------------|-----------|
| | Redemptions | Mortgages | Provisions | |
| | (thousands of dollars) | | | |
| 1987 | \$376,302 | \$ 431 | \$ 24,003 | \$400,736 |
| 1988 | 1,367 | 469 | 24,003 | 25,839 |
| 1989 | 100,000 | 510 | 23,498 | 124,008 |
| 1990 | — | 555 | 22,895 | 23,450 |
| 1991 | 100,000 | 604 | 21,175 | 121,779 |
| | \$577,669 | \$2,569 | \$115,574 | \$695,812 |

- (f) In 1986 the Alberta Government Telephones Commission offered to the public a \$200,000,000 debenture issue at 9% to be dated January 15, 1987, maturing January 15, 1997. The proceeds will be used to repay short-term notes payable and for other purposes of the Commission. The debenture is unconditionally guaranteed as to principal and interest by the Government of the Province of Alberta.

Note 9 Sinking Fund Assets

Sinking fund assets relate to the Commission's debenture debt and consist of the following:

| | 1986 | 1985 |
|--|------------------------|------------------|
| | (thousands of dollars) | |
| Investments: | | |
| Debentures, at amortized cost: | | |
| Government of Canada, direct and guaranteed | \$295,862 | \$246,451 |
| Provincial, direct and guaranteed | 47,896 | 26,545 |
| Investment in the Commission's own debentures, at amortized cost | 66,857 | 63,902 |
| Unrealized exchange gain | 14,720 | 14,850 |
| (Approximate market value: | | |
| 1986 \$504,441; 1985 \$429,039) | 425,335 | 351,748 |
| Cash | 19 | 20 |
| Short-term deposits | 39,069 | 11,939 |
| Accrued interest | 4,687 | 3,095 |
| | <u>\$469,110</u> | <u>\$366,802</u> |

Note 10 Commitments and Contingent Liabilities

The Commission is committed to aggregate rental payments of \$13,646,000 under leases having an initial term of more than one year. Minimum annual rental payments during the next five years are as follows:

| Year | Rental Payments |
|------|------------------------|
| | (thousands of dollars) |
| 1987 | 5,495 |
| 1988 | 2,984 |
| 1989 | 1,857 |
| 1990 | 1,068 |
| 1991 | 576 |

The Commission and its subsidiaries are contingently liable for \$2,896,000 in the form of letters of credit and guarantees.

Legal action has been initiated against a subsidiary of the Commission by a subcontractor of its joint venture seeking damages of \$2,030,000 U.S. This claim is being defended and in management's opinion, the outcome of this action will have no adverse material impact on the Commission's financial statements.

Note 11 Other Operating Revenues

Other operating revenues consist of the following:

| | 1986 | 1985 |
|---------------|------------------------|-----------------|
| | (thousands of dollars) | |
| Directories | \$31,736 | \$28,653 |
| Rentals | 10,391 | 12,185 |
| Miscellaneous | 18,156 | 15,083 |
| | <u>\$60,283</u> | <u>\$55,921</u> |

Note 12 Pension Fund

The Commission makes regular contributions to The Alberta Government Telephones Employees' Pension and Death Benefit Fund which provides service pensions calculated as a function of earnings and years of service. An actuarial review as at December 31, 1985 indicated that the assets of the Fund together with the contributions expected to be received from the members of the Fund were sufficient to provide the benefits under the Fund as they fall due.

Note 13 Other Income

Other income consists of the following:

| | 1986 | 1985 |
|--|------------------------|-----------------|
| | (thousands of dollars) | |
| Sinking fund income | \$ 77,383 | \$32,445 |
| Allowance for funds utilized during construction | 3,774 | 4,125 |
| Dividends from investment in Telesat Canada Shares | 28 | 140 |
| Net loss in affiliated companies | (10,574) | — |
| Miscellaneous | 4,804 | 2,022 |
| | <u>\$ 75,415</u> | <u>\$38,732</u> |

Note 14 Interest and Other Deductions

Interest and other deductions consist of the following:

| | 1986 | 1985 |
|---|------------------------|------------------|
| | (thousands of dollars) | |
| Interest and exchange on long-term debt | \$272,026 | \$266,061 |
| Interest on short-term debt | 4,766 | 13,369 |
| Amortization of unrealized exchange loss, net | 4,978 | 5,824 |
| Amortization of debenture discount | 1,699 | 2,105 |
| Other deductions | 2,663 | 3,262 |
| | <u>\$286,132</u> | <u>\$290,621</u> |

Note 15 Extraordinary Items

Extraordinary items in 1986 consist of the following:

A gain of \$2,083,000 on the sale to NovAtel Communications Ltd. of the assets and liabilities of the terminated joint venture.

The Commission's share of the loss, amounting to \$789,000 incurred in the closure of a manufacturing plant in Montreal by NovAtel Communications Ltd.

A loss of \$252,000 incurred in conjunction with the exchange of shares in Telematic Products Inc. and Vodavi Technology Corporation.

Note 16 Changes in Financial Position

| | 1986 | 1985 |
|--|------------------------|-------------------|
| | (thousands of dollars) | |
| Other items not requiring an outlay of cash: | | |
| Premiums, discounts and exchange | \$ 7,378 | \$ 8,536 |
| Increase in deferred charges | (3,284) | (4,048) |
| Increase in deferred revenue | 12,684 | 637 |
| Allowance for funds used during construction | (3,774) | (4,125) |
| Net loss in affiliated companies | 10,574 | — |
| | <u>\$ 23,578</u> | <u>\$ 1,000</u> |
| Net change in non-cash working capital components: | | |
| Increase in accounts receivable | \$ (4,992) | \$(23,175) |
| Increase in grants receivable | (16,252) | — |
| Increase in prepaid expenses | (4,526) | (1,001) |
| (Increase) decrease in inventories for resale | 7,981 | (14,138) |
| Increase in investment in leases and mortgages | (4,592) | (3,694) |
| Increase (decrease) in accounts payable | (4,169) | 15,536 |
| Increase (decrease) in wages payable | 1,811 | (5,862) |
| Increase (decrease) in accrued interest payable | (4,560) | 3,899 |
| Increase in service billed in advance | 4,127 | 543 |
| | <u>\$(25,172)</u> | <u>\$(27,892)</u> |

Note 17 Related Party Transactions

During 1986, the Commission purchased equipment, materials and related supplies from NovAtel Communications Ltd. in the amount of \$13,630,000 (1985 \$10,875,000) which represented approximately 13% (1985 22%) of the sales of NovAtel.

There were no material transactions with other related companies.

Note 18 Subsequent Event

On April 24, 1985 representatives of the City of Edmonton and the Government of Alberta signed a Memorandum of Understanding which established an Arbitration Committee to hold hearings to "develop or select a practical toll-sharing formula for the sharing of toll revenues generated in the City of Edmonton." On February 28, 1987, the Arbitration Committee released its decision outlining a basis for toll revenue sharing which is effective January 1, 1985. Under the Committee's formula 'edmonton telephones' will receive \$10,226,060 for the first three months of 1985 out of toll revenues generated in the City of Edmonton. On an annualized basis this would amount to an estimated \$43,175,169 for 1985.

This amount will be reduced by \$15,631,334 already paid by the Commission under existing agreements, thus leaving an additional amount of \$27,543,835 to be paid to 'edmonton telephones' for 1985. The Committee stated that the amounts payable under the formula in subsequent years "may be of the like order, depending upon various factors."

In management's opinion, the effect of this additional liability of \$27,543,835 on the income of the Commission will be reduced by amounts claimable in revenue settlements with other members of Telecom Canada, and by other potential administrative costs. Due to the timing of the Arbitration Committee's decision and the complexities involved in establishing these amounts, the net impact on the income of the Commission for 1985 and 1986 cannot be reasonably estimated at this time. Accordingly, these financial statements have not been adjusted to reflect the Arbitration Committee's decision.

Note 19 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to 1986 presentation.

The format of the Statement of Changes in Financial Position has been changed to that recommended by The Canadian Institute of Chartered Accountants in September 1985. The focus of the revised format is on the cash and cash equivalents available to the enterprise rather than the working capital format used previously.

Note 20 Approval of Financial Statements

These financial statements were reviewed by the Audit Committee of the Alberta Government Telephones Commission and recommended for approval by the Commission.

TREASURY BRANCHES DEPOSITS FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Statement of Assets and Liabilities
Statement of Income
Statement of Equity
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the statement of assets and liabilities of the Treasury Branches Deposits Fund as at March 31, 1987 and the statements of income, equity and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of accounting for loan losses as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.



Edmonton, Alberta
June 12, 1987

C.A.
Auditor General

TREASURY BRANCHES DEPOSITS FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 1987
(thousands of dollars)

| | 1987 | 1986 |
|---|--------------------|--------------------|
| ASSETS | | |
| Cash resources | | |
| Cash | \$ 17,636 | \$ 19,084 |
| Deposits with banks | 563,779 | 134,866 |
| Cheques and other items in transit, net | 1,570 | 17,729 |
| | <u>582,985</u> | <u>171,679</u> |
| Securities (Note 4) | | |
| Issued or guaranteed by Canada | 271,003 | 212,976 |
| Issued or guaranteed by provinces, municipalities and school districts | 14,108 | 21,062 |
| Other securities | 70,073 | 71,298 |
| | <u>355,184</u> | <u>305,336</u> |
| Loans | | |
| Mortgage loans | 1,116,161 | 991,614 |
| Other loans | 3,344,745 | 2,930,806 |
| | <u>4,460,906</u> | <u>3,922,420</u> |
| Other | | |
| Land, buildings and equipment (Note 5) | 54,655 | 47,444 |
| Other assets | 65,863 | 73,997 |
| | <u>120,518</u> | <u>121,441</u> |
| | <u>\$5,519,593</u> | <u>\$4,520,876</u> |
| LIABILITIES | | |
| Deposits (Note 6) | | |
| Payable on demand | \$ 794,673 | \$ 628,847 |
| Payable after notice | 884,110 | 840,823 |
| Payable on a fixed date | 3,886,170 | 3,057,869 |
| | <u>5,564,953</u> | <u>4,527,539</u> |
| Other liabilities | 72,782 | 79,024 |
| Equity (deficit) | (118,142) | (85,687) |
| | <u>\$5,519,593</u> | <u>\$4,520,876</u> |

The accompanying notes are part of these financial statements.

TREASURY BRANCHES DEPOSITS FUND
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|---|---------------------------|---------------------------|
| Interest income | | |
| Income from loans | \$430,365 | \$414,587 |
| Income from securities | 67,389 | 56,513 |
| Total interest income | <u>497,754</u> | <u>471,100</u> |
| Interest on deposits | 375,184 | 354,291 |
| Net interest income | <u>122,570</u> | <u>116,809</u> |
| Loan loss experience | 56,203 | 109,379 |
| Net interest income after loan loss experience | 66,367 | 7,430 |
| Other income | <u>25,575</u> | <u>16,390</u> |
| Net interest and other income | <u>91,942</u> | <u>23,820</u> |
| Non-interest expenses | | |
| Salaries | 72,983 | 67,984 |
| Pension contributions and other staff benefits | 8,362 | 7,605 |
| Premises and equipment expenses, including depreciation | 21,673 | 22,448 |
| Other expenses | <u>21,379</u> | <u>25,110</u> |
| Total non-interest expenses | <u>124,397</u> | <u>123,147</u> |
| Net income (deficit) for the year | <u><u>\$ (32,455)</u></u> | <u><u>\$ (99,327)</u></u> |

TREASURY BRANCHES DEPOSITS FUND
STATEMENT OF EQUITY
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|--|---------------------------|--------------------------|
| Equity (deficit) at beginning of year | | |
| As previously reported | \$(129,516) | \$ 27 |
| Transfer of balance of appropriations for contingencies (Note 3) | 43,829 | 13,613 |
| As restated | <u>(85,687)</u> | <u>13,640</u> |
| Transfer from Statement of Income | <u>(32,455)</u> | <u>(99,327)</u> |
| Equity (deficit) at end of year | <u><u>\$(118,142)</u></u> | <u><u>\$(85,687)</u></u> |

TREASURY BRANCHES DEPOSITS FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|---|-------------------|--------------------|
| Operating activities: | | |
| Cash resources and securities provided by: | | |
| Net income (deficit) for the year | \$ (32,455) | \$ (99,327) |
| Non-cash items: | | |
| Depreciation and amortization | <u>3,188</u> | <u>5,379</u> |
| | (29,267) | (93,948) |
| Net increase in deposits | 1,037,414 | 373,604 |
| Net decrease in other assets | 8,134 | 2,720 |
| Net (decrease) increase in other liabilities | <u>(6,242)</u> | <u>31,523</u> |
| | 1,010,039 | 313,899 |
| Cash resources and securities applied to: | | |
| Net increase in loans | <u>538,486</u> | <u>528,594</u> |
| Net operating activities | 471,553 | (214,695) |
| Cash resources and securities applied to: | | |
| Increase in land, buildings and equipment | <u>10,399</u> | <u>4,199</u> |
| Increase (decrease) in cash resources and securities for the year | <u>\$ 461,154</u> | <u>\$(218,894)</u> |

TREASURY BRANCHES DEPOSITS FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Treasury Branches Deposits Fund operates under the authority of the Treasury Branches Act, Chapter T-7, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies

(a) Securities

Securities are carried at cost or amortized cost (Note 4). Gains and losses on disposal of securities are included in income in the year in which they occur.

(b) Loans

Loans are stated net of any unearned income and of any provisions established to recognize anticipated losses. A specific provision is established when, in the opinion of management, there is significant doubt as to collectibility, either in whole or in part, of principal.

Loan loss experience for the year comprises the amount of loans written off, recoveries on loans previously written off and changes in specific provisions. Interest is recorded on the accrual basis for all satisfactory loans. If a loan is classified as non-accrual any uncollected interest is reversed and charged against current income.

The Fund will classify a loan as non-accrual when, in the opinion of management, there is doubt as to the ultimate collectibility of some portion of principal or interest. Loans will automatically be classified as non-accrual where the borrower has not paid interest on the loan throughout a period of 180 days except in those instances where management determines that there is no reasonable doubt regarding the collectibility of principal or interest.

(c) Land, Buildings, and Equipment

Land is carried at cost. Buildings, equipment and leasehold improvements are carried at cost less accumulated depreciation or amortization. Depreciation and amortization are calculated using the straight line method over the estimated useful lives of the related assets. Gains and losses on the disposal of fixed assets are recorded in the Statement of Income in the year of disposal.

Furniture is expensed in the year of purchase and is included in premises and equipment expenses in the Statement of Income.

(d) Translation of Foreign Currencies

Foreign currency assets and liabilities are translated into Canadian dollars at prevailing year end rates.

Foreign currency income and expenses are translated into Canadian dollars at the average rate throughout the year.

Realized and unrealized gains and losses on foreign currency transactions are included in other income in the Statement of Income. Foreign exchange positions are hedged as much as practicable by forward exchange contracts.

Note 3 Change in Accounting Policy

Commencing in the current year, the Fund accounts for loan losses by charging them to the Statement of Income in accordance with generally accepted accounting principles. In previous years, the charge to the Statement of Income was calculated on a weighted average basis over five years.

As a result of this change, which was applied retroactively, the net deficit for the year ended March 31, 1986 increased by \$53,972,000. The change in accounting policy has no monetary effect on the Statement of Assets and Liabilities, as actual net loss experience of prior years was charged to the Appropriations for Contingencies.

Under the previous accounting policy for loan losses the net deficit for the year ended March 31, 1987 would have been \$39,738,000 (1986 - \$45,355,000).

Note 4 Securities
(\$ in thousands)

Securities are summarized as follows:

| | Securities issued or guaranteed by | | | |
|----------------------|------------------------------------|--|------------------|------------------|
| | Canada | Provinces, Municipalities, and School Districts | Other | Total |
| Year of maturity: | | | | |
| Within one year | \$271,003 | \$ 14,108 | \$ 70,000 | \$355,111 |
| No specific maturity | — | — | 73 | 73 |
| | <u>\$271,003</u> | <u>\$ 14,108</u> | <u>\$ 70,073</u> | <u>\$355,184</u> |
| March 31, 1986 | <u>\$212,976</u> | <u>\$ 21,062</u> | <u>\$ 71,298</u> | <u>\$305,336</u> |

The approximate market value of securities at March 31, 1987 was \$355,184 (1986 \$305,298).

Note 5 Land, Buildings and Equipment
(\$ in thousands)

Land, buildings and equipment are summarized as follows:

| | 1987 | | 1986 | |
|------------------------|-----------------|--|----------------------|----------------------|
| | Cost | Accumulated Depreciation and Amortization | Net Book Value | Net Book Value |
| Land | \$ 7,208 | \$ — | \$ 7,208 | \$ 6,953 |
| Branch premises | 33,330 | 10,979 | 22,351 | 23,449 |
| Equipment | 21,872 | 12,206 | 9,666 | 8,807 |
| Equipment leased | 7,595 | 1,336 | 6,259 | — |
| Staff housing | 7,234 | 3,006 | 4,228 | 4,498 |
| Leasehold improvements | 10,322 | 5,379 | 4,943 | 3,737 |
| | <u>\$87,561</u> | <u>\$32,906</u> | <u>\$54,655</u> | <u>\$47,444</u> |
| March 31, 1986 | <u>\$77,162</u> | <u>\$29,718</u> | | |

Note 6 Deposits
(\$ in thousands)

Deposits are summarized as follows:

| | 1987 | 1986 |
|---------------------------------|--------------------|--------------------|
| Deposits by Canada | \$ 41,045 | \$ 36,373 |
| Deposits by Province of Alberta | 615,699 | 91,654 |
| Other deposits | 4,908,209 | 4,399,512 |
| | <u>\$5,564,953</u> | <u>\$4,527,539</u> |

The repayment of all deposits, including accrued interest is guaranteed by the Province of Alberta.

Note 7 Leases
(\$ in thousands)

The Fund has obligations under long-term operating and capital leases for premises and equipment. The future minimum lease payments for each of the next five years and thereafter are as follows:

| | Operating Leases | Capital Leases | Total |
|--|---------------------|-------------------|-----------------|
| Year ending March 31, | | | |
| 1988 | \$ 7,726 | \$2,743 | \$10,469 |
| 1989 | 7,135 | 1,988 | 9,123 |
| 1990 | 6,058 | 374 | 6,432 |
| 1991 | 4,363 | 146 | 4,509 |
| 1992 | 3,080 | 73 | 3,153 |
| 1993 and thereafter | 8,592 | — | 8,592 |
| Less imputed interest on capital lease | — | (125) | (125) |
| | <u>\$36,954</u> | <u>\$5,199</u> | <u>\$42,153</u> |

Note 8 Contingent Liabilities
 (\$ in thousands)

In the normal course of business the Fund has contingent liabilities for letters of credit and loan guarantees, which are not included in the Statement of Assets and Liabilities. In the event of a call on any of these commitments, the Fund has recourse against the customer.

At March 31, 1987 the potential liability of the Fund under guarantees and letters of credit amounted to \$350,456 (1986 \$389,838).

Note 9 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 10 Approval of Financial Statements

These financial statements were approved by management.

SECTION 8

1986-87 PUBLIC ACCOUNTS

TRUST FUNDS - FINANCIAL STATEMENTS

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|--|------|
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TRUST FUNDS - FINANCIAL STATEMENTS

Introduction:

Trust funds are regulated funds comprised of public money over which the Legislature has no power of appropriation. Because the Government has no equity in the funds and administers them for the purposes of the various trusts, they are reported in a separate section and are not included in the consolidated financial statements.

WHEAT BOARD MONEY TRUST ACCOUNT
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Agriculture

I have examined the balance sheet of the Wheat Board Money Trust Account as at March 31, 1987 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Account as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
June 30, 1987

WHEAT BOARD MONEY TRUST ACCOUNT
BALANCE SHEET
AS AT MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|----------------------|------------------|------------------|
| ASSETS | | |
| Cash | \$ 70,289 | \$ 72,915 |
| Accrued interest | 1,419 | 1,420 |
| Investments (Note 3) | <u>52,988</u> | <u>52,984</u> |
| | <u>\$124,696</u> | <u>\$127,319</u> |
| UNEXPENDED FUNDS | | |
| Unexpended funds | <u>\$124,696</u> | <u>\$127,319</u> |

The accompanying notes are part
of these financial statements.

WHEAT BOARD MONEY TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|------------------|------------------|
| REVENUE | | |
| Interest and amortization of discounts | \$ 9,777 | \$ 10,590 |
| EXPENDITURE | | |
| Scholarships and bursaries | <u>12,400</u> | <u>12,000</u> |
| Excess of expenditure over revenue | 2,623 | 1,410 |
| Unexpended funds at beginning of year | <u>127,319</u> | <u>128,729</u> |
| Unexpended funds at end of year | <u>\$124,696</u> | <u>\$127,319</u> |

WHEAT BOARD MONEY TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Wheat Board Money Trust Account operates under the authority of the Wheat Board Money Trust Act, Chapter W-7, Revised Statutes of Alberta 1980.

Note 2 Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Investments

Investments consist of the following:

| | 1987 | | 1986 | |
|---|-------------------|-----------------|-------------------|-----------------|
| | Amortized Cost | Market Value | Amortized Cost | Market Value |
| Debentures: | | | | |
| Province of Alberta, direct and guaranteed | <u>\$52,988</u> | <u>\$48,558</u> | <u>\$52,984</u> | <u>\$45,370</u> |

Note 4 Administration Costs

Salaries, accommodation and other overhead costs incurred in the administration of the Fund have been borne by the General Revenue Fund and are not reflected in these financial statements.

Note 5 Approval of Financial Statements

These financial statements have been approved by management.

PUBLIC TRUSTEE
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Common Fund and Special Reserve Fund
Statement of Operations
Notes to the Financial Statements

AUDITOR'S REPORT

To the Attorney General

I have examined the balance sheet of the Public Trustee as at December 31, 1986 and the common fund and special reserve fund statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Public Trustee as at December 31, 1986 and the results of operations of the common fund and special reserve fund for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
May 1, 1987

PUBLIC TRUSTEE
BALANCE SHEET
AS AT DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Estates' and beneficiaries' assets: | | |
| Common Fund: | | |
| Cash | \$ 218,391 | \$ 55,699 |
| Term deposits | 111,538,705 | 107,288,774 |
| Accrued interest | 4,953,934 | 3,790,221 |
| Due from Special Reserve Fund | 23,483 | 223,598 |
| Investments, at amortized cost (Note 3) | <u>55,310,497</u> | <u>39,462,696</u> |
| | <u>172,045,010</u> | <u>150,820,988</u> |
| Other: | | |
| Cash | 685,153 | 892,981 |
| Securities | 16,597,342 | 22,733,899 |
| Other assets (Note 2) | <u>1</u> | <u>1</u> |
| | <u>17,282,496</u> | <u>23,626,881</u> |
| Special Reserve Fund: | | |
| Cash | 156,215 | 77,039 |
| Term deposits | 7,966,840 | 6,500,000 |
| Accrued interest | 421,337 | 180,326 |
| Investments, at amortized cost (Note 4) | <u>6,441,611</u> | <u>6,431,465</u> |
| | <u>14,986,003</u> | <u>13,188,830</u> |
| | <u>\$204,313,509</u> | <u>\$187,636,699</u> |
| LIABILITIES | | |
| Estates' and beneficiaries' liabilities: | | |
| Common Fund: | | |
| Estates' and beneficiaries' capital | \$172,045,010 | \$148,481,888 |
| Undistributed earnings | <u>—</u> | <u>2,339,100</u> |
| | <u>172,045,010</u> | <u>150,820,988</u> |
| Other: | | |
| Bank overdraft | — | 24,586 |
| Provincial Treasurer's advance | 24,512 | 24,512 |
| Other liabilities (Note 2) | <u>1</u> | <u>1</u> |
| Estates' and beneficiaries' capital | <u>17,257,983</u> | <u>23,577,782</u> |
| | <u>17,282,496</u> | <u>23,626,881</u> |
| Special Reserve Fund: | | |
| Due to Common Fund | 23,483 | 223,598 |
| Retained earnings | <u>14,962,520</u> | <u>12,965,232</u> |
| | <u>14,986,003</u> | <u>13,188,830</u> |
| | <u>\$204,313,509</u> | <u>\$187,636,699</u> |

The accompanying notes are part
of these financial statements.

PUBLIC TRUSTEE
COMMON FUND AND SPECIAL RESERVE FUND
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|---------------------|---------------------|
| Common Fund | | |
| Undistributed earnings at beginning of year | \$ 2,339,100 | \$ 1,915,243 |
| Add: Earnings on investments and deposits | <u>14,942,358</u> | <u>14,003,396</u> |
| | <u>17,281,458</u> | <u>15,918,639</u> |
| Less: Earnings distributed: | | |
| Estates' and beneficiaries' accounts | 16,495,122 | 13,476,380 |
| Excess earnings to Special Reserve Fund, net | <u>786,336</u> | <u>103,159</u> |
| | <u>17,281,458</u> | <u>13,579,539</u> |
| Undistributed earnings at end of year | <u>\$ —</u> | <u>\$ 2,339,100</u> |
| Special Reserve Fund | | |
| Retained earnings at beginning of year | \$12,965,232 | \$11,729,866 |
| Add: Earnings on investments and deposits | 1,279,203 | 1,192,207 |
| Excess earnings from Common Fund, net | <u>786,336</u> | <u>103,159</u> |
| | <u>15,030,771</u> | <u>13,025,232</u> |
| Less: | | |
| Payments to Provincial Treasurer towards cost of administration | 60,000 | 60,000 |
| Payment to an estate | <u>8,251</u> | <u>—</u> |
| | <u>68,251</u> | <u>60,000</u> |
| Retained earnings at end of year | <u>\$14,962,520</u> | <u>\$12,965,232</u> |

PUBLIC TRUSTEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Public Trustee operates under the authority of the Public Trustee Act, Chapter P-36, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

General:

These financial statements have been prepared in accordance with generally accepted accounting principles except for the following treatment of estates' and beneficiaries' assets and liabilities not included in the common fund:

Other assets, which include bank accounts and accounts receivable, mortgages, agreements, and notes receivable and real estate are carried at a nominal value of \$1 as valuation of these assets is not readily determinable.

Income from securities is recognized when received.

Other liabilities including accounts, mortgages, agreements and notes payable are carried at a nominal value of \$1 as valuation of these liabilities is not readily determinable.

Segregation between short-term and long-term assets and liabilities is not considered necessary.

Administration costs:

Expenditures for the operation of the Public Trustee are paid from the General Revenue Fund of the Province and, except for \$60,000 paid to the Provincial Treasurer towards the cost of safekeeping of securities of the common fund and the special reserve fund, are not reflected in these financial statements.

Changes in financial position:

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Investments, Common Fund

Investments, at amortized cost, consist of:

| | 1986 | 1985 |
|---|---------------------|---------------------|
| Government of Canada, direct and guaranteed | \$ 8,753,374 | \$ 7,337,800 |
| Provincial issues, direct and guaranteed | 45,846,696 | 31,188,779 |
| Municipal and school districts | 710,427 | 936,117 |
| | <u>\$55,310,497</u> | <u>\$39,462,696</u> |
| Par value | <u>\$54,849,000</u> | <u>\$39,317,000</u> |
| Approximate market value | <u>\$56,823,802</u> | <u>\$39,684,620</u> |

Note 4 Investments, Special Reserve Fund

Investments, at amortized cost, consist of:

| | 1986 | 1985 |
|---|--------------------|--------------------|
| Government of Canada, direct and guaranteed | \$5,454,754 | \$5,447,148 |
| Provincial issues, direct and guaranteed | 986,857 | 984,317 |
| | <u>\$6,441,611</u> | <u>\$6,431,465</u> |
| Par value | <u>\$6,444,000</u> | <u>\$6,444,000</u> |
| Approximate market value | <u>\$6,618,224</u> | <u>\$6,449,321</u> |

Note 5 Contingent Liabilities

The Public Trustee is involved in a number of legal proceedings. Claims against the Public Trustee in these proceedings, which have not been reflected in the accounts, amount to \$90,316 plus an undeterminable amount of interest. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of management that the disposition of these cases will not have a materially adverse affect on the financial position of the Public Trustee.

Note 6 Approval of Financial Statements

These financial statements were approved by management.

TEACHERS' RETIREMENT FUND
CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 1986

Auditor's Report
Consolidated Balance Sheet
Consolidated Statement of Teachers' Contributions,
Including Interest
Consolidated Statement of Reserves
Notes to the Consolidated Financial Statements
Schedule of Investments
Schedule of Fund Earnings
Schedule of Administration Expenses

AUDITOR'S REPORT

To the Board of Administrators of
the Teachers' Retirement Fund

I have examined the consolidated balance sheet of the Teachers' Retirement Fund as at August 31, 1986 and the consolidated statements of teachers' contributions, including interest and reserves for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Fund as at August 31, 1986 and the results of its operations and changes in contributions and reserves for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
January 8, 1987

TEACHERS' RETIREMENT FUND
CONSOLIDATED BALANCE SHEET
AS AT AUGUST 31, 1986

| | <u>1986</u> | <u>1985</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ — | \$ 88,333 |
| Short-term deposits | 19,525,513 | 29,961,386 |
| Accounts receivable (Note 3) | 8,427,826 | 2,913,305 |
| Accrued interest | 5,894,449 | 5,622,269 |
| Prepaid expenses | <u>15,867</u> | <u>25,181</u> |
| | 33,863,655 | 38,610,474 |
| Investments, Schedule 1 | 380,773,012 | 330,510,937 |
| Fixed assets (Note 4) | 261,664 | 243,369 |
| Deferred charges (Note 5) | <u>276,840</u> | <u>323,428</u> |
| | <u>\$415,175,171</u> | <u>\$369,688,208</u> |
| LIABILITIES AND RETIREMENT FUND | | |
| Current: | | |
| Bank indebtedness | \$ 277,203 | \$ — |
| Accounts payable (Note 6) | <u>10,675,481</u> | <u>2,842,490</u> |
| | 10,952,684 | 2,842,490 |
| Retirement fund: | | |
| Teachers' contributions, including interest | 388,785,886 | 351,503,211 |
| Reserves | <u>15,436,601</u> | <u>15,342,507</u> |
| | 404,222,487 | 366,845,718 |
| | <u>\$415,175,171</u> | <u>\$369,688,208</u> |

The accompanying notes are part of
these consolidated financial statements.

TEACHERS' RETIREMENT FUND
 CONSOLIDATED STATEMENT OF TEACHERS' CONTRIBUTIONS, INCLUDING INTEREST
 FOR THE YEAR ENDED AUGUST 31, 1986

| | Public School Teachers | Private School Teachers | 1986 Total | 1985 Total |
|--|------------------------------|-------------------------------|----------------------|--------------------|
| Balance at beginning of year | \$350,573,068 | \$ 930,143 | \$351,503,211 | \$315,141,9 |
| Add: | | | | |
| Contributions by teachers | 41,444,270 | 152,637 | 41,596,907 | 39,661,6 |
| Interest allocated to teachers' accounts | 11,780,167 | 31,117 | 11,811,284 | 10,308,2 |
| Contributions in respect to teachers transferred from (to) the Superannuation Account of the Government of Canada, net | 22,558 | — | 22,558 | (16,5 |
| Teachers' accounts reinstated | 9,450 | — | 9,450 | 13,2 |
| | <u>53,256,445</u> | <u>183,754</u> | <u>53,440,199</u> | <u>49,966,5</u> |
| | <u>403,829,513</u> | <u>1,113,897</u> | <u>404,943,410</u> | <u>365,108,4</u> |
| Deduct: | | | | |
| Contributions of teachers pensioned during the year | 11,913,071 | 6,582 | 11,919,653 | 9,732,5 |
| Refunds to teachers and teachers' estates | 3,765,609 | 22,755 | 3,788,364 | 3,730,0 |
| Contributions in respect to teachers transferred to pension plans guaranteed by the Province of Alberta, net | 303,885 | 1,670 | 305,555 | 177,8 |
| Contributions in respect to teachers transferred to (from) other teachers' pension plans, net | 125,103 | 1,283 | 126,386 | (35,2 |
| Payments in lieu of short service annuities | 17,566 | — | 17,566 | |
| | <u>16,125,234</u> | <u>32,290</u> | <u>16,157,524</u> | <u>13,605,2</u> |
| Balance at end of year | <u>\$387,704,279</u> | <u>\$1,081,607</u> | <u>\$388,785,886</u> | <u>\$351,503,2</u> |

TEACHERS' RETIREMENT FUND
CONSOLIDATED STATEMENT OF RESERVES
FOR THE YEAR ENDED AUGUST 31, 1986

| | Province of Alberta Pension Reserve | Teachers' Pension Reserve | Private School Teachers' Pension Reserve | Short Service Annuities Reserve | 1986 Total | 1985 Total |
|---|--|---------------------------------|--|--|--------------------|--------------------|
| at beginning of year | \$ — | \$12,805,707 | \$2,519,116 | \$17,684 | \$ 15,342,507 | \$ 25,466,325 |
| Contributions by the Province of Alberta | 46,421,557 | — | — | — | 46,421,557 | 41,247,002 |
| Earnings, Schedule 2 | — | 39,056,295 | 390,533 | 908 | 39,447,736 | 25,044,481 |
| Contributions of teachers pensioned during the year | — | 11,913,071 | 1,738 | 4,844 | 11,919,653 | 9,732,575 |
| Transfers from other teachers' pension plans, net | 780,664 | 895,863 | (1,283) | — | 1,675,244 | 2,297,080 |
| Contributions by teachers | 79,115 | 1,073,835 | 20,108 | — | 1,173,058 | 1,143,256 |
| Contributions by employers | 77,837 | — | 221,101 | 4,844 | 303,782 | 295,154 |
| Contributions in respect to teachers transferred from the Superannuation Account of the Government of Canada, net | 29,313 | 6,755 | — | — | 36,068 | 5,173 |
| | <u>47,388,486</u> | <u>52,945,819</u> | <u>632,197</u> | <u>10,596</u> | <u>100,977,098</u> | <u>79,764,721</u> |
| | <u>47,388,486</u> | <u>65,751,526</u> | <u>3,151,313</u> | <u>28,280</u> | <u>116,319,605</u> | <u>105,231,046</u> |
| Retirement payments | 46,050,372 | 40,833,041 | 29,184 | — | 86,912,597 | 77,880,585 |
| Interest allocated to teachers' accounts | — | 11,780,167 | 31,117 | — | 11,811,284 | 10,308,246 |
| Administration expenses, Schedule 3 | 851,353 | 842,925 | 8,428 | — | 1,702,706 | 1,460,017 |
| Contributions in respect to teachers transferred to pension plans guaranteed by the Province of Alberta, net | 468,955 | (71,223) | 1,670 | — | 399,402 | 213,594 |
| Health benefit payments | — | 18,600 | — | — | 18,600 | 8,500 |
| Payments in lieu of short service annuities | 17,565 | — | — | — | 17,565 | — |
| Teachers' accounts reinstated | — | 9,450 | — | — | 9,450 | 13,244 |
| Short service annuity payments | — | — | — | 6,721 | 6,721 | 4,580 |
| Interest, net | 241 | (406) | 4,844 | — | 4,679 | (227) |
| | <u>47,388,486</u> | <u>53,412,554</u> | <u>75,243</u> | <u>6,721</u> | <u>100,883,004</u> | <u>89,888,539</u> |
| at end of year | \$ — | \$12,338,972 | \$3,076,070 | \$21,559 | \$ 15,436,601 | \$ 15,342,507 |

TEACHERS' RETIREMENT FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 1986

Note 1 Authority

The Teachers' Retirement Fund operates under the authority of the Teachers' Retirement Fund Act, Chapter T-2, Revised Statutes of Alberta, 1980.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

Principles of Consolidation:

The consolidated financial statements include the accounts of the Teachers' Retirement Fund and its wholly-owned subsidiary Tenerf Resources Ltd. Significant accounts between the pension fund and the subsidiary have been eliminated.

Investments:

Purchases and sales of investments are recorded on dates traded.

Investments are stated at cost or amortized cost where applicable. Amortization of premium or discount is calculated on a straight-line basis from acquisition date to maturity date.

Provision is made for any permanent decline in value of investments.

Gains or losses on sales of investments, including any unamortized premium or discount, are recognized in the year of disposal, insofar as these have not been provided for.

Short-term deposits held in foreign currencies are translated at year end exchange rates. Investments denominated in foreign currencies and revenue are translated at historical exchange rates. Gains or losses on translations as well as transactions during the year are included with the applicable investment income category.

Fixed Assets:

Fixed assets are recorded at cost. Depreciation and amortization are calculated using the straight-line method at the following rates so as to expense the cost of the assets over their estimated useful lives:

| | |
|-------------------------|------------|
| Furniture and equipment | 10% |
| Electronic equipment | 20% to 25% |

Deferred Charges:

The deferred charges which relate to the costs of development of new computer systems are amortized over a five year period commencing with the month that a system becomes fully operational. The deferred charges which relate to the costs of the equity index fund simulation study are being amortized over a five year period commencing with the month that the Equity Index Fund was first established.

Changes in Financial Position:

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Accounts Receivable

Accounts receivable consist of the following:

| | 1986 | 1985 |
|-----------------------------|--------------------|--------------------|
| Investment sales and income | \$6,356,263 | \$1,148,238 |
| Contributions | 2,068,724 | 1,762,116 |
| Other | 2,839 | 2,951 |
| | <u>\$8,427,826</u> | <u>\$2,913,305</u> |

Note 4 Fixed Assets

Fixed assets consist of the following:

| | 1986 | | 1985 | |
|-------------------------|------------------|-----------------------------|------------------|------------------|
| | Cost | Accumulated Depreciation | Net | Net |
| Furniture and equipment | \$125,904 | \$ 52,647 | \$ 73,257 | \$180,602 |
| Electronic equipment | 262,163 | 73,756 | 188,407 | 62,767 |
| | <u>\$388,067</u> | <u>\$126,403</u> | <u>\$261,664</u> | <u>\$243,369</u> |

Note 5 Deferred Charges

Deferred charges consist of the following:

| | 1986 | | 1985 | |
|------------------------------------|------------------|-----------------------------|------------------|------------------|
| | Cost | Accumulated Depreciation | Net | Net |
| Computer systems development | \$319,660 | \$ 60,737 | \$258,923 | \$300,511 |
| Equity index fund simulation study | 25,000 | 7,083 | 17,917 | 22,917 |
| | <u>\$344,660</u> | <u>\$ 67,820</u> | <u>\$276,840</u> | <u>\$323,428</u> |

Note 6 Accounts Payable

Accounts payable consist of the following:

| | 1986 | 1985 |
|-------------------------------|---------------------|--------------------|
| Investment purchases | \$ 8,977,500 | \$ 626,020 |
| Income tax withholdings | 928,160 | 721,460 |
| Province of Alberta | 297,839 | 969,129 |
| Other investment transactions | 293,899 | 2,171 |
| Pensions | 128,525 | 123,979 |
| Contribution refunds | 4,114 | 311,714 |
| Miscellaneous | 45,444 | 88,017 |
| | <u>\$10,675,481</u> | <u>\$2,842,490</u> |

Note 7 Management of Investments

Part of the investment portfolio of the Fund is managed by a firm of investment managers. The assets controlled by the firm at August 31 are included on the balance sheet as follows:

| | 1986 | 1985 |
|---------------------|---------------------|---------------------|
| Investments | \$44,583,365 | \$43,136,299 |
| Accounts receivable | 592,058 | 442,369 |
| Short-term deposits | 197,290 | 105,193 |
| Accrued interest | 26,269 | 6,695 |
| Cash | 838 | 131,615 |
| | <u>\$45,399,820</u> | <u>\$43,822,171</u> |

Note 8 Actuarial Valuation

The Act requires that an actuarial valuation be carried out at least once every 5 years. An actuarial valuation as at August 31, 1983 indicated that Fund assets would be insufficient by an amount of \$1,332,500,000 to meet the combined liabilities with respect to earned benefits for teachers on record at that date and those already on pension.

When preparing the 1983 valuation, the consulting actuary estimated that the deficiency would amount to approximately \$1,690,000,000 at August 31, 1986.

The Act provides that the payment of all benefits is guaranteed by the Province of Alberta.

Note 9 Commitments

As at August 31, 1986 the Teachers' Retirement Fund had outstanding commitments for the acquisition of mortgages, shares, and bonds amounting to \$2,630,000 (1985 \$23,411,000). In addition, the Fund sold two mortgages to third parties in October, 1983 which it has committed to repurchase at the end of five years. The principal balance at date of sale was \$2,715,000 and the commitment to repurchase is based on their book value at October 1, 1988.

Note 10 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to the 1986 presentation.

Note 11 Approval of Financial Statements

These financial statements were approved by management.

TEACHERS' RETIREMENT FUND
SCHEDULE OF INVESTMENTS
AUGUST 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|----------------------|----------------------|
| Publicly traded securities: | | |
| Bonds, debentures, coupons and residuals (market value 1986 \$144,413,569; 1985 \$117,670,391) | \$137,352,534 | \$113,287,817 |
| Shares, options and warrants (market value 1986 \$76,294,495; 1985 \$58,831,062) | <u>70,121,335</u> | <u>52,752,982</u> |
| | 207,473,869 | 166,040,799 |
| Mortgages | 66,314,086 | 72,368,682 |
| Real estate (a) | 73,397,574 | 67,596,021 |
| Oil and gas (b) | 21,383,533 | 14,573,306 |
| Venture capital (c) | 8,203,950 | 9,932,129 |
| International equity funds (market value \$4,573,224) | <u>4,000,000</u> | <u>—</u> |
| | <u>\$380,773,012</u> | <u>\$330,510,937</u> |

(a) Consists mainly of real estate held through two real estate companies (Pension Fund Realty Ltd. and Pension Fund Properties Ltd.) jointly owned by a number of pension funds.

(b) Consists mainly of producing properties owned through partnerships, joint ventures, shares and participating debentures.

(c) Consists of shares and partnerships.

TEACHERS' RETIREMENT FUND
SCHEDULE OF FUND EARNINGS
FOR THE YEAR ENDED AUGUST 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|----------------------------|----------------------------|
| Income from investments: | | |
| Publicly traded securities: | | |
| Bonds, debentures, coupons and residuals | \$20,699,710 | \$19,723,596 |
| Shares, options and warrants | <u>3,780,931</u> | <u>4,120,750</u> |
| | 24,480,641 | 23,844,346 |
| Mortgages | 5,523,530 | 7,620,872 |
| Real estate | 3,947,081 | (1,221,666) |
| Oil and gas | 2,254,263 | 1,509,868 |
| Venture capital | <u>346,189</u> | <u>(8,929,922)</u> |
| | 36,551,704 | 22,823,498 |
| Income from short-term deposits | <u>2,896,032</u> | <u>2,220,983</u> |
| Fund earnings | <u><u>\$39,447,736</u></u> | <u><u>\$25,044,481</u></u> |

TEACHERS' RETIREMENT FUND
SCHEDULE OF ADMINISTRATION EXPENSES
FOR THE YEAR ENDED AUGUST 31, 1986

| | <u>1986</u> | <u>1985</u> |
|---|---------------------------|---------------------------|
| Office salaries | \$ 741,844 | \$ 659,539 |
| Investment consultants | 153,793 | 139,027 |
| Bank, investment and mortgage servicing charges | 151,661 | 152,928 |
| Depreciation and amortization | 124,839 | 19,044 |
| Office rental | 101,091 | 99,120 |
| Legal fees | 90,459 | 50,925 |
| Rental of office equipment | 42,279 | 19,798 |
| Audit fee | 37,200 | 34,100 |
| Group insurance | 32,192 | 29,097 |
| Staff retirement plan | 29,370 | 25,783 |
| Data processing and program maintenance | 28,461 | 54,490 |
| Stationery and supplies | 26,572 | 26,664 |
| Postage | 25,723 | 14,805 |
| Telephone | 22,177 | 14,096 |
| Unemployment insurance | 16,391 | 14,733 |
| Servicing of office equipment | 13,807 | 16,913 |
| Communications with teachers and boards | 10,612 | 12,276 |
| Canada Pension Plan contributions | 9,291 | 7,985 |
| Board expenses | 7,852 | 7,727 |
| Safekeeping and custody of securities | 7,637 | 9,190 |
| Conferences | 7,458 | 6,438 |
| Delivery and transportation | 5,063 | 5,220 |
| Investment Committee members' honoraria | 3,553 | 5,250 |
| Actuarial costs | 3,235 | 27,820 |
| Insurance | 1,883 | 1,699 |
| Medical retainer | 1,000 | 1,000 |
| Staff recruitment costs | 790 | 993 |
| Loss on disposal of equipment, net | 458 | 1,494 |
| Miscellaneous | <u>6,015</u> | <u>1,863</u> |
| | <u><u>\$1,702,706</u></u> | <u><u>\$1,460,017</u></u> |

SURFACE RECLAMATION FUND
FINANCIAL STATEMENT
MARCH 31, 1987

Auditor's Report
Balance Sheet
Notes to the Financial Statement

AUDITOR'S REPORT

To the Members of the Land Conservation
and Reclamation Council

I have examined the balance sheet of the Surface Reclamation Fund as at March 31, 1987. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the financial position of the Fund as at March 31, 1987 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 10, 1987

SURFACE RECLAMATION FUND
BALANCE SHEET
AS AT MARCH 31, 1987

| | 1987 | 1986 |
|--|--------------------|--------------------|
| ASSETS | | |
| Cash (Note 2) | \$1,322,654 | \$1,431,458 |
| Securities in trust with the Province of Alberta | <u>218,425</u> | <u>192,925</u> |
| | <u>\$1,541,079</u> | <u>\$1,624,383</u> |
| LIABILITIES | | |
| Trust Fund (Note 3) | <u>\$1,541,079</u> | <u>\$1,624,383</u> |

The accompanying notes are part
of this financial statement.

SURFACE RECLAMATION FUND
NOTES TO THE FINANCIAL STATEMENT
MARCH 31, 1987

Note 1 Authority

The Surface Reclamation Fund operates under the authority of the Land Surface Conservation and Reclamation Act, Chapter L-3, Revised Statutes of Alberta 1980, as amended. The purpose of the Fund is to hold security deposits received pursuant to the Act as an assurance that satisfactory land surface reclamation will be performed. Since all interest received by the Fund is allocated and subsequently paid to depositors, no surplus or deficit arises on the Fund's operations.

Note 2 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta.

Note 3 Trust Fund

Transactions in the Trust Fund are summarized as follows:

| | Cash Deposits | Securities | 1987 Total | 1986 Total |
|---------------------------------|--------------------|-------------------|--------------------|--------------------|
| Balance at beginning of year | \$1,431,458 | \$ 192,925 | \$1,624,383 | \$2,635,654 |
| Security deposits received | 299,622 | 42,500 | 342,122 | 473,855 |
| Interest received | <u>115,243</u> | <u>—</u> | <u>115,243</u> | <u>187,923</u> |
| | 1,846,323 | 235,425 | 2,081,748 | 3,297,432 |
| Security deposits returned | <u>523,669</u> | <u>17,000</u> | <u>540,669</u> | <u>1,673,049</u> |
| Balance at end of year | <u>\$1,322,654</u> | <u>\$ 218,425</u> | <u>\$1,541,079</u> | <u>\$1,624,383</u> |

Note 4 Bank Guarantees

In addition to the deposits in trust and securities shown on the balance sheet, the Fund held bank guarantees as at March 31, 1987 in the amount of \$61,939,809 (1986 \$52,021,714).

Note 5 Approval of Financial Statement

This financial statement was approved by management.

IMPROVEMENT DISTRICTS' TRUST ACCOUNT
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Surplus
Statement of Reserves
Statement of Equity in Fixed Assets
Statement of Changes in Financial Position
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Municipal Affairs

I have examined the balance sheet of the Improvement Districts' Trust Account as at December 31, 1986 and the statements of revenue, expenditure and surplus, reserves, equity in fixed assets and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Account as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied, after giving retroactive effect to the change in accounting policy with respect to transfers between surplus and capital reserves as described in Note 3 to the financial statements, on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
June 9, 1987

IMPROVEMENT DISTRICTS' TRUST ACCOUNT
BALANCE SHEET
AS AT DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and deposits (Note 5) | \$115,668,446 | \$115,253,904 |
| Taxes and grants in lieu receivable (Note 6) | 4,629,171 | 5,147,207 |
| Other accounts receivable | <u>1,410,036</u> | <u>1,075,652</u> |
| | 121,707,653 | 121,476,763 |
| INVESTMENT (Note 7) | 1,250 | 1,250 |
| LAND HELD FOR RESALE (Note 2) | 157,954 | 159,305 |
| FIXED (Note 8) | 70,015,839 | 63,955,319 |
| CASH HELD IN TRUST | <u>43,869</u> | <u>35,099</u> |
| | <u>\$191,926,565</u> | <u>\$185,627,736</u> |
| LIABILITIES | | |
| CURRENT | | |
| Due to Province of Alberta, net (Note 9) | \$ 18,254,212 | \$ 14,484,737 |
| Accounts payable and accruals (Note 10) | 4,696,234 | 4,443,044 |
| Deferred revenue | 1,014,145 | 703,281 |
| Current portion of long-term debt (Note 11) | <u>72,232</u> | <u>64,537</u> |
| | 24,036,823 | 19,695,599 |
| LONG-TERM DEBT (Note 11) | 5,120,505 | 5,192,737 |
| UNEXPENDED CAPITAL FUNDS (Note 12) | 6,994,961 | 4,552,238 |
| TAX SALE SURPLUS TRUST | <u>43,869</u> | <u>35,099</u> |
| | <u>36,196,158</u> | <u>29,475,673</u> |
| EQUITY | | |
| SURPLUS | 4,757,065 | 6,718,233 |
| RESERVES | 85,994,988 | 90,576,480 |
| IN LAND HELD FOR RESALE | 155,252 | 159,305 |
| IN FIXED ASSETS | <u>64,823,102</u> | <u>58,698,045</u> |
| | <u>155,730,407</u> | <u>156,152,063</u> |
| | <u>\$191,926,565</u> | <u>\$185,627,736</u> |

The accompanying notes are part
of these financial statements.

IMPROVEMENT DISTRICTS' TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1986

| | 4 | 5 | 6 | 7 | 8 | 9 | 12 | 13 | 14 |
|---|-----------------|------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|-------------------|
| REVENUE | | | | | | | | | |
| General Municipal (Note 4): | | | | | | | | | |
| Taxation: | | | | | | | | | |
| Real property | \$ — | \$129,703 | \$314,051 | \$ 405,555 | \$1,410,870 | \$ 5,210 | \$10,194 | \$ (450) | \$ 6,491,740 |
| Power and pipeline | 232 | 241,582 | 485,931 | 62,532 | 237,673 | 8,588 | 15,651 | 2,816 | 6,026,223 |
| Provincial grants-in-lieu | — | 3,669 | 818 | 6,677 | 2,661 | — | — | — | 37,055 |
| Federal grants-in-lieu | 1,292 | 91 | — | — | 8,662 | 10,490 | (7,564) | 11,736 | 1,751 |
| Penalties and costs | — | 14,573 | 1,702 | 16,541 | 14,206 | 697 | 7,724 | 11 | 153,420 |
| Mobile home license fees | — | — | — | 1,005 | — | — | — | — | 33,910 |
| Industrial taxes | — | — | — | — | — | — | — | — | 291,644 |
| | 1,524 | 389,618 | 802,502 | 492,310 | 1,674,072 | 24,985 | 26,005 | 14,113 | 13,035,743 |
| Deduct: Expended by transfers: | | | | | | | | | |
| Supplementary school requisitions | — | 140,977 | 340,565 | 166,939 | 452,289 | — | — | 5,584 | 6,146,022 |
| Provincial school foundation | 1,282 | 75,410 | 175,633 | 25,323 | 373,817 | 15,581 | 31,139 | 6,943 | 2,707,601 |
| Alberta Planning Fund | — | 1,508 | 3,644 | 1,387 | 8,485 | — | — | — | 53,662 |
| Hospital requisitions | — | 7,793 | 43,961 | — | 78,852 | — | — | — | 10,698 |
| Seniors Foundation requisitions | — | — | 4,022 | 4,721 | 23,811 | — | — | — | 125,616 |
| Industrial taxes | — | — | — | — | 29,580 | — | — | — | 247,140 |
| | 1,282 | 225,688 | 567,825 | 198,370 | 966,834 | 15,581 | 31,139 | 12,527 | 9,290,739 |
| Net taxes for municipal purposes | 242 | 163,930 | 234,677 | 293,940 | 707,238 | 9,404 | (5,134) | 1,586 | 3,745,004 |
| Provincial grants: | | | | | | | | | |
| Municipal assistance | — | 2,297 | 5,000 | 122,000 | 31,554 | — | — | — | 300,000 |
| Agricultural Service Board | — | 366 | 316 | 3,684 | 2,024 | — | — | — | 85,621 |
| Environment | — | (10,125) | — | 25,206 | 11,955 | — | — | — | 12,427 |
| Recreation and culture | — | — | — | 2,945 | 5,960 | — | — | — | 58,644 |
| Other | — | — | — | 2,404 | 5,270 | — | — | — | 57,734 |
| | — | (7,462) | 5,316 | 156,239 | 56,763 | — | — | — | 514,426 |
| Interest | 6,693 | 23,080 | 52,448 | 14,083 | 89,012 | 25,763 | 3,300 | 313 | 358,082 |
| Other | — | 53,476 | 7,085 | 22,535 | 181,891 | — | — | 342 | 292,286 |
| | 6,693 | 76,556 | 59,533 | 36,618 | 270,903 | 25,763 | 3,300 | 655 | 650,368 |
| Utilities: | | | | | | | | | |
| Local improvement levies | — | — | — | 58,575 | — | — | — | — | 48,574 |
| Sale of services | — | — | — | 34,556 | — | — | — | — | 25,261 |
| Interest stabilization grants | — | — | — | 4,598 | — | — | — | — | 20,780 |
| Operating grants | — | — | — | — | — | — | — | — | — |
| Capital grants | — | — | — | — | 69,177 | — | — | — | 37,412 |
| Federal grants | — | — | — | — | — | — | — | — | — |
| | — | — | — | 97,729 | 69,177 | — | — | — | 132,027 |
| TOTAL REVENUE | 6,935 | 233,024 | 299,526 | 584,526 | 1,104,081 | 35,167 | (1,834) | 2,241 | 5,041,825 |
| EXPENDITURE | | | | | | | | | |
| General Municipal: | | | | | | | | | |
| Administrative services | 112 | 18,108 | 53,899 | 91,370 | 201,846 | 277 | 1,038 | 499 | 403,173 |
| Protective services | — | 1,500 | — | 157,426 | 122,164 | — | — | — | 683,910 |
| Transportation services | — | 89,667 | 300,000 | 105,302 | 435,710 | — | — | — | 3,128,788 |
| Garbage collection and disposal | — | 5,720 | — | 37,782 | 53,717 | — | — | — | 8,763 |
| Planning, subdivision, other | — | — | — | — | — | — | — | — | — |
| community services | — | 39,271 | 7,337 | 43,382 | 124,336 | — | — | — | 304,937 |
| Recreation and cultural services | — | — | — | 50,137 | 76,129 | — | — | — | 435,591 |
| | 112 | 154,266 | 361,236 | 485,399 | 1,013,902 | 277 | 1,038 | 499 | 4,965,162 |
| Utilities | — | — | — | 559,081 | 399,298 | — | — | — | 343,011 |
| TOTAL EXPENDITURE | 112 | 154,266 | 361,236 | 1,044,480 | 1,413,200 | 277 | 1,038 | 499 | 5,308,173 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE | 6,823 | 78,758 | (61,710) | (459,954) | (309,119) | 34,890 | (2,872) | 1,742 | (266,348) |
| ADD: SURPLUS AT BEGINNING OF YEAR | 64,635 | 88,600 | 72,234 | 112,487 | 372,210 | 250,740 | 70,805 | 69 | 247,864 |
| | 71,458 | 167,358 | 10,524 | (347,467) | 63,091 | 285,630 | 67,933 | 1,811 | (18,484) |
| ADD | | | | | | | | | |
| TRANSFER FROM (TO) | | | | | | | | | |
| OPERATING RESERVE, NET | (242) | 303 | 14,954 | (2,072) | 7,059 | (906) | (477) | 2,075 | (278,232) |
| TRANSFER FROM CAPITAL RESERVES: | | | | | | | | | |
| FOR OPERATING EXPENDITURE | — | — | — | 15,019 | 29,580 | — | — | — | — |
| FOR CAPITAL EXPENDITURE | — | — | — | 75,912 | 277,000 | — | — | — | — |
| TRANSFER TO CAPITAL RESERVES | — | — | — | — | (372,208) | — | — | — | (44,504) |
| TRANSFER TO UNEXPENDED CAPITAL FUNDS | — | — | — | — | — | — | — | — | (8,500) |
| TRANSFER FROM UNEXPENDED CAPITAL FUNDS | — | — | — | 448,446 | 15,129 | — | — | — | 472,491 |
| TRANSFER TO MUNICIPAL DISTRICTS PURSUANT TO INCORPORATION (NOTE 15) | — | — | — | — | — | — | — | — | — |
| SURPLUS AT END OF YEAR | \$71,216 | \$167,661 | \$ 25,478 | \$189,838 | \$ 19,651 | \$284,724 | \$67,456 | \$ 3,886 | \$ 122,771 |

T FUNDS

| | <u>17</u> | <u>18</u> | <u>19</u> | <u>20</u> | <u>21</u> | <u>22</u> | <u>23</u> | <u>24</u> | <u>1986</u> <u>TOTAL</u> | <u>1985</u> <u>TOTAL</u> |
|-----|--------------|--------------|------------|------------|-------------|-------------|-------------|-----------|-----------------------------|-----------------------------|
| 1 | \$ 4,305,977 | \$ 9,568,833 | \$ 651,641 | \$ 868,199 | \$1,060,511 | \$1,105,001 | \$1,715,864 | \$ 158 | \$34,639,125 | \$46,061,309 |
| 5 | 6,590,349 | 6,706,395 | 506,337 | 664,847 | 609,147 | 1,335,228 | 2,594,837 | 1,151 | 33,578,712 | 29,302,356 |
| 4 | 97,188 | 57,204 | 16,673 | 7,441 | 8,089 | 27,656 | 77,923 | 118 | 396,267 | 1,348,257 |
| 5 | 5,703 | 103,489 | — | 2,912 | 138 | 360 | 11,023 | 2,298 | 154,056 | 163,150 |
| 6 | 139,210 | 121,583 | 22,488 | 34,174 | 19,530 | 41,057 | 23,795 | 50 | 674,302 | 595,281 |
| 0 | 10,628 | 54,071 | — | — | — | — | 39,896 | — | 176,231 | 221,826 |
| 3 | — | 1,229,174 | — | — | — | — | 62,025 | — | 1,683,866 | 1,714,452 |
| 5 | 11,149,055 | 17,840,749 | 1,197,139 | 1,577,573 | 1,697,415 | 2,509,302 | 4,525,363 | 3,775 | 71,302,559 | 79,406,631 |
| 8 | 5,239,512 | 13,898,059 | 680,497 | 833,159 | 876,232 | 1,315,475 | 2,522,211 | 5,562 | 38,820,733 | 38,260,461 |
| 2 | 2,217,129 | 5,280,424 | 117,744 | 169,369 | 225,878 | 325,061 | 673,438 | 1,040 | 15,261,848 | 16,123,416 |
| 0 | 46,475 | 99,483 | 4,605 | 5,593 | 6,424 | 9,635 | 14,936 | — | 310,924 | 326,146 |
| 1 | 57,282 | 351,580 | — | — | — | 9,754 | 69,874 | 459 | 669,011 | 707,715 |
| 4 | 195,970 | 53,488 | 17,956 | 21,812 | 67,427 | 101,127 | — | — | 703,516 | 686,848 |
| 0 | 132,700 | 1,142,940 | — | — | — | — | 105,060 | — | 1,911,700 | 1,893,420 |
| 5 | 7,889,068 | 20,825,974 | 820,802 | 1,029,933 | 1,175,961 | 1,761,052 | 3,385,519 | 7,061 | 57,677,732 | 57,998,006 |
| 0 | 3,259,987 | (2,985,225) | 376,337 | 547,640 | 521,454 | 748,250 | 1,139,844 | (3,286) | 13,624,827 | 21,408,625 |
| 0 | 640,000 | 156,908 | 440,617 | 614,514 | 664,000 | 672,000 | 519,000 | — | 4,492,890 | 4,559,315 |
| 2 | 177,427 | 104,871 | 65,147 | 75,697 | 56,619 | 78,729 | 59,293 | — | 796,361 | 722,367 |
| 6 | 331,194 | 26,680 | 85,482 | 518,799 | 23,180 | 464,145 | 181,999 | — | 2,082,918 | 1,926,394 |
| — | 66,896 | 205,949 | — | — | 120,000 | 127,860 | 20,000 | — | 628,254 | 400,336 |
| — | 35,478 | 123,448 | — | — | 3,870 | 22,696 | — | — | 254,231 | 76,977 |
| 8 | 1,250,995 | 617,856 | 591,246 | 1,209,010 | 867,669 | 1,365,430 | 780,292 | — | 8,254,654 | 7,685,389 |
| 8 | 703,293 | 1,282,186 | 109,305 | 112,574 | 144,347 | 212,696 | 309,617 | 2,020 | 4,125,526 | 4,217,698 |
| 3 | 458,560 | 168,503 | 36,321 | 58,866 | 73,062 | 35,888 | 162,607 | 552 | 1,824,351 | 1,354,721 |
| 1 | 1,161,853 | 1,450,689 | 145,626 | 171,440 | 217,409 | 248,584 | 472,224 | 2,572 | 5,949,877 | 5,572,419 |
| 4 | 136,374 | 8,315 | — | 34,439 | 19,129 | 28,463 | 153,407 | — | 545,294 | 607,374 |
| 9 | 266,928 | 109,388 | 6,180 | 10,547 | 11,465 | 7,780 | 278,913 | — | 782,498 | 940,851 |
| 9 | 52,183 | 9,776 | — | 26,906 | — | 14,124 | 77,866 | — | 223,009 | 530,815 |
| — | 50,000 | 2,808 | — | — | — | — | — | — | 52,808 | — |
| — | 1,006,119 | 1,444,185 | — | — | — | 8,852 | 34,708 | — | 2,600,453 | 5,640,848 |
| — | — | 120,600 | (5,000) | — | — | — | — | — | 115,600 | 18,500 |
| 2 | 1,511,604 | 1,695,072 | 1,180 | 71,892 | 30,594 | 59,219 | 544,894 | — | 4,319,662 | 7,738,388 |
| 1 | 7,184,439 | 778,392 | 1,114,389 | 1,999,982 | 1,637,126 | 2,421,483 | 2,937,254 | (714) | 32,149,020 | 42,404,821 |
| 3 | 765,897 | 508,217 | 117,843 | 217,348 | 167,536 | 300,367 | 235,789 | 331 | 3,672,115 | 3,299,130 |
| 8 | 339,722 | 411,603 | 24,083 | 98,642 | 31,795 | 122,604 | 83,177 | — | 2,210,735 | 3,787,878 |
| 5 | 3,719,308 | 3,791,701 | 605,117 | 1,288,191 | 800,607 | 1,186,501 | 1,659,117 | — | 21,794,696 | 17,702,536 |
| 8 | 86,315 | 61,970 | 15,779 | 26,693 | 25,074 | 21,997 | 26,752 | — | 480,823 | 327,190 |
| 77 | 728,909 | 578,703 | 157,182 | 256,903 | 192,775 | 298,523 | 329,832 | — | 3,553,900 | 3,229,364 |
| 51 | 834,283 | 703,992 | 442,137 | 12,828 | 182,696 | 175,230 | 317,376 | — | 3,555,284 | 3,475,459 |
| 32 | 6,474,434 | 6,056,186 | 1,362,141 | 1,900,605 | 1,400,483 | 2,105,222 | 2,652,043 | 331 | 35,267,553 | 31,821,557 |
| 77 | 2,962,637 | 2,103,113 | 27,073 | 86,116 | 73,779 | 170,800 | 691,339 | — | 7,593,521 | 8,613,138 |
| 99 | 9,437,071 | 8,159,299 | 1,389,214 | 1,986,721 | 1,474,262 | 2,276,022 | 3,343,382 | 331 | 42,861,074 | 40,434,695 |
| 02 | (2,252,632) | (7,380,907) | (274,825) | 13,261 | 162,864 | 145,461 | (406,128) | (1,045) | (10,712,054) | 1,970,126 |
| 54 | 107,545 | 1,429,651 | 334,250 | 214,686 | 532,676 | 932,105 | 854,779 | 9,059 | 6,718,233 | 13,276,992 |
| 56 | (2,145,087) | (5,951,256) | 59,425 | 227,947 | 695,540 | 1,077,566 | 448,651 | 8,014 | (3,993,821) | 15,247,118 |
| 51) | 178,992 | 5,785,995 | 30,471 | (4,880) | 240 | 22,798 | (19,592) | 1,459 | 5,752,708 | 2,376,115 |
| 37 | 977,129 | 1,200,000 | 394,000 | 134,759 | — | 115,822 | 170,979 | — | 3,194,145 | 2,392,268 |
| 04 | 994,901 | — | — | — | — | 3,624 | 234,473 | — | 1,730,614 | 908,828 |
| — | (5,935) | (86,234) | — | — | (343,000) | — | (515,345) | — | (1,615,246) | (7,030,631) |
| 96) | — | (948,505) | — | — | — | — | (224,000) | — | (1,247,401) | (1,236,674) |
| — | — | — | — | — | — | — | — | — | 936,066 | — |
| — | — | — | — | — | — | — | — | — | — | (5,938,791) |
| 40 | \$ — | \$ — | \$ 483,896 | \$ 357,826 | \$ 352,780 | \$1,219,810 | \$ 95,166 | \$ 9,473 | \$ 4,757,065 | \$ 6,718,233 |

IMPROVEMENT DISTRICTS' TRUST ACCOUNT
STATEMENT OF RESERVES
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|---|----------------------------|----------------------------|
| OPERATING RESERVES | | |
| Balance at beginning of year | \$42,901,594 | \$52,220,254 |
| Deduct: Transfer to surplus, net | 5,752,708 | 2,376,115 |
| Transferred to municipal districts pursuant to incorporation (Note 15) | — | 6,942,545 |
| Balance at end of year | <u>37,148,886</u> | <u>42,901,594</u> |
| CAPITAL RESERVES | | |
| Balance at beginning of year | 47,674,886 | 54,971,039 |
| Add: Interest | 4,465,063 | 4,039,572 |
| Transfer from surplus | 1,615,246 | 7,030,631 |
| Funds in lieu of public reserves | 15,666 | 34,501 |
| Other | — | 5,700 |
| | <u>6,095,975</u> | <u>11,110,404</u> |
| | <u>53,770,861</u> | <u>66,081,443</u> |
| Deduct transfers to: | | |
| Surplus for: | | |
| Operations | 3,194,145 | 2,392,268 |
| Capital expenditure | 1,730,614 | 908,828 |
| Municipal districts pursuant to incorporation (Note 15) | — | 15,105,461 |
| | <u>4,924,759</u> | <u>18,406,557</u> |
| Balance at end of year | <u>48,846,102</u> | <u>47,674,886</u> |
| TOTAL RESERVES | <u><u>\$85,994,988</u></u> | <u><u>\$90,576,480</u></u> |
| COMPRISED OF: | | |
| Operating reserves: | | |
| Operating contingency fund | \$36,754,499 | \$42,498,088 |
| Non-municipal surplus | 394,387 | 403,506 |
| | <u>37,148,886</u> | <u>42,901,594</u> |
| Capital reserves: | | |
| General capital | 46,385,479 | 44,741,768 |
| Industrial tax accumulation | 1,892,037 | 2,429,344 |
| Public reserve | 568,586 | 503,774 |
| | <u>48,846,102</u> | <u>47,674,886</u> |
| | <u><u>\$85,994,988</u></u> | <u><u>\$90,576,480</u></u> |

IMPROVEMENT DISTRICTS' TRUST ACCOUNT
STATEMENT OF EQUITY IN FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1986

| | 1986 | 1985 |
|---|----------------------------|----------------------------|
| BALANCE AT BEGINNING OF YEAR | <u>\$58,698,045</u> | <u>\$56,379,280</u> |
| Add: Purchase of fixed assets provided by: | | |
| Capital grants | 2,600,453 | 5,640,848 |
| Capital reserves | 1,730,614 | 908,828 |
| Operations | <u>2,017,990</u> | <u>843,225</u> |
| | 6,349,057 | 7,392,901 |
| Repayment of long-term debt | <u>64,537</u> | <u>76,986</u> |
| | 6,413,594 | 7,469,887 |
| | <u>65,111,639</u> | <u>63,849,167</u> |
| Deduct: Fixed assets written-off | 281,075 | 531,149 |
| Land held for resale | 7,462 | 88,605 |
| Transferred to municipal districts pursuant to incorporation (Note 15) | <u>—</u> | <u>4,531,368</u> |
| | 288,537 | 5,151,122 |
| BALANCE AT END OF YEAR | <u><u>\$64,823,102</u></u> | <u><u>\$58,698,045</u></u> |
| Accounted for as follows: | | |
| Fixed assets | \$70,015,839 | \$63,955,319 |
| Deduct: Long-term debt | <u>5,192,737</u> | <u>5,257,274</u> |
| | <u><u>\$64,823,102</u></u> | <u><u>\$58,698,045</u></u> |

IMPROVEMENT DISTRICTS' TRUST ACCOUNT
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|----------------------|----------------------|
| CASH WAS PROVIDED BY: | | |
| Operations: | | |
| Excess (deficiency) of revenue over expenditure | \$(10,712,054) | \$ 1,970,126 |
| Transfer from unexpended capital funds | 936,066 | — |
| | <u>(9,775,988)</u> | <u>1,970,126</u> |
| Capital: | | |
| Additions to capital reserves | 4,480,729 | 4,079,773 |
| Increase in unexpended capital funds | 2,442,723 | — |
| Sale of investments | — | 140 |
| | <u>6,923,452</u> | <u>4,079,913</u> |
| Working Capital: | | |
| Decrease in receivables | 183,652 | 3,419,849 |
| Increase in current liabilities | 4,333,529 | — |
| | <u>4,517,181</u> | <u>3,419,849</u> |
| TOTAL CASH PROVIDED | <u>1,664,645</u> | <u>9,469,888</u> |
| CASH WAS APPLIED TO: | | |
| Transfer to unexpended capital funds | 1,247,401 | 1,236,674 |
| Decrease in unexpended capital funds | — | 947,228 |
| | <u>1,247,401</u> | <u>2,183,902</u> |
| Working Capital: | | |
| Land held for resale | 2,702 | — |
| Decrease in current liabilities | — | 4,482,193 |
| Net assets transferred to municipal districts pursuant to incorporation (Note 15) | — | 27,986,796 |
| | <u>2,702</u> | <u>32,468,989</u> |
| TOTAL CASH APPLIED | <u>1,250,103</u> | <u>34,652,891</u> |
| INCREASE (DECREASE) IN CASH AND DEPOSITS | 414,542 | (25,183,003) |
| Cash and deposits at beginning of year | <u>115,253,904</u> | <u>140,436,907</u> |
| Cash and deposits at end of year | <u>\$115,668,446</u> | <u>\$115,253,904</u> |

IMPROVEMENT DISTRICTS' TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Improvement Districts' Trust Account operates under the authority of the Improvement Districts Act, Chapter I-1, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:

a) Land Held for Resale

Inventory of land held for resale which has been acquired through provisions of the Tax Recovery Act is recorded at a nominal value of \$1. Land acquired for subdivision is recorded at cost.

b) Capital Reserves

Interest earned on amounts held in capital reserves is credited directly to the reserves.

c) Fixed Assets

Fixed asset acquisitions are included as expenditure and the proceeds from long-term debt used to finance fixed asset acquisitions are included as revenue in the statement of revenue, expenditure and surplus. Fixed assets having an original cost greater than \$2,500 are shown on the balance sheet at cost with the offsetting credit to equity in fixed assets. No provision is made for depreciation of fixed assets.

d) Long-Term Debt

Principal and interest payments on long-term debt are recorded as expenditures in the statement of revenue, expenditure and surplus.

e) Unexpended Capital Funds

Estimated unexpended capital monies originating from general municipal taxation revenue may be transferred to unexpended capital funds. Subsequently, as capital expenditures are incurred, these monies are transferred to surplus.

Other significant accounting policies are as follows:

Unexpended Capital Funds

Upon receipt, capital grants are treated as refundable advances and credited directly to unexpended capital funds. As expenditure is incurred on a capital project for which a grant is received, a matching portion of the grant is released from unexpended capital funds directly to revenue to finance the expenditure.

Note 3 Change in Accounting Policies

In prior years, transfers from capital reserves for operations and to finance current capital expenditures were reported as revenue. Effective January 1, 1986, the policy was adopted of recording such transfers from capital reserves as adjustments of surplus. This change of accounting policy has been applied retroactively and has the following effect on the financial statements.

| | 1986 | 1985 |
|---------------------|-------------|-------------|
| Decrease in revenue | \$4,924,759 | \$3,301,096 |

There is no effect upon the surplus at beginning or at end of year nor upon capital reserves and unexpended capital funds.

Note 4 General Municipal Taxation Revenue

In Improvement District No. 18, tax levies in the amount of \$9,900,000, of which \$8,300,000 was due from Syncrude Canada Ltd. and \$1,600,000 from Suncor Inc., were cancelled under the provision of section 106(a) of the Municipal Taxation Act. The cancellation of taxes is reflected as reduced general municipal taxation revenue in the statement of revenue, expenditure and surplus.

Note 5 Cash and Deposits

| | 1986 | 1985 |
|--|----------------------|----------------------|
| Cash | \$ 264,925 | \$ 148,575 |
| Deposits in Consolidated Cash Investment Trust Fund of the Province of Alberta | 115,403,521 | 115,105,329 |
| | <u>\$115,668,446</u> | <u>\$115,253,904</u> |

Note 6 Taxes and Grants in Lieu Receivable

| | 1986 | 1985 |
|---|--------------------|--------------------|
| Taxes receivable | \$4,645,347 | \$4,928,631 |
| Grants in lieu receivable: | | |
| Provincial | 105,271 | 328,716 |
| Federal | 57,762 | 112,722 |
| | <u>4,808,380</u> | <u>5,370,069</u> |
| Deduct: Allowance for uncollectible taxes | 179,209 | 222,862 |
| | <u>\$4,629,171</u> | <u>\$5,147,207</u> |

Note 7 Investment

| | 1986 | 1985 |
|--|----------------|----------------|
| Alberta Municipal Financing Corporation shares, at cost | <u>\$1,250</u> | <u>\$1,250</u> |

Note 8 Fixed Assets

Fixed assets at cost are:

| | 1986 | 1985 |
|-------------------------|---------------------|---------------------|
| Engineering structures | \$58,353,534 | \$53,266,911 |
| Buildings | 5,906,316 | 5,761,634 |
| Machinery and equipment | 1,375,001 | 1,185,322 |
| Land | 982,277 | 877,446 |
| Vehicles | 3,398,711 | 2,864,006 |
| | <u>\$70,015,839</u> | <u>\$63,955,319</u> |

Note 9 Due to Province of Alberta, net

| | 1986 | 1985 |
|-------------------------------|---------------------|---------------------|
| Due to Province of Alberta: | | |
| Transportation | \$19,286,038 | \$16,595,855 |
| Assessment costs | 609,003 | 526,231 |
| Administration | 153,730 | 888,468 |
| Other | 313,852 | 315,320 |
| | <u>20,362,623</u> | <u>18,325,874</u> |
| Due from Province of Alberta: | | |
| Grants | 1,845,027 | 3,206,058 |
| Homeowners' tax discounts | 210,253 | 613,140 |
| Other | 53,131 | 21,939 |
| | <u>2,108,411</u> | <u>3,841,137</u> |
| | <u>\$18,254,212</u> | <u>\$14,484,737</u> |

Note 10 Accounts Payable and Accruals

| | 1986 | 1985 |
|----------------------------|--------------------|--------------------|
| Trade accounts payable | \$3,334,606 | \$2,650,250 |
| Construction holdbacks | 664,986 | 1,083,437 |
| Accrued debenture interest | 364,712 | 367,961 |
| Other | 331,930 | 341,396 |
| | <u>\$4,696,234</u> | <u>\$4,443,044</u> |

Note 11 Long-Term Debt

| | <u>1986</u> | <u>1985</u> |
|---|--------------------|--------------------|
| Debentures: | | |
| Alberta Municipal Financing Corporation: | | |
| 8½%, 1970 issue due 1995 | \$ 15,546 | \$ 16,669 |
| 9¾%, 1974 issue due 1999 | 12,033 | 12,501 |
| 10½%, 1975 issue due 2000 | 135,641 | 139,872 |
| 10 %, 1976 issue due 2001 | 45,173 | 46,465 |
| 9¼%, 1977 issue due 2002 | 397,722 | 408,520 |
| 16 %, 1982 issue due 2002 * | 47,411 | 48,082 |
| 9¾%, 1978 issue due 2003 | 697,628 | 713,673 |
| 10¾%, 1979 issue due 2004 | 226,945 | 231,288 |
| 12¾%, 1980 issue due 2005 | 201,041 | 203,669 |
| 16½%, 1981 issue due 2006 * | 124,412 | 125,284 |
| 19 %, 1981 issue due 2006 * | 334,625 | 336,325 |
| 15¾%, 1982 issue due 2007 * | 136,071 | 136,971 |
| 16 %, 1982 issue due 2007 * | 241,293 | 242,836 |
| 16½%, 1982 issue due 2007 * | 1,227,264 | 1,234,595 |
| 17 %, 1982 issue due 2007 * | 1,120,262 | 1,126,515 |
| 12¾%, 1983 issue due 2008 | <u>139,401</u> | <u>140,634</u> |
| | 5,102,468 | 5,163,899 |
| Advances: | | |
| Alberta Mortgage and Housing Corporation: | | |
| 7¾%, due 2001 | <u>90,269</u> | <u>93,375</u> |
| | 5,192,737 | 5,257,274 |
| Amount repayable within one year | <u>72,232</u> | <u>64,537</u> |
| | <u>\$5,120,505</u> | <u>\$5,192,737</u> |

* With effect from January 1, 1987, Alberta Municipal Financing Corporation debenture rates in excess of 14% were reduced to 14%.

Anticipated requirements to meet the principal portion of long-term debt repayments during the next five years are as follows:

| | |
|--------|-----------|
| 1987 - | \$ 72,232 |
| 1988 - | 91,200 |
| 1989 - | 101,712 |
| 1990 - | 113,480 |
| 1991 - | 126,659 |

Summary of total debt by I.D.:

| | <u>1986</u> | <u>1985</u> |
|---------|--------------------|--------------------|
| I.D. 7 | \$ 255,804 | \$ 263,590 |
| I.D. 14 | 461,523 | 465,924 |
| I.D. 15 | 430,513 | 440,415 |
| I.D. 16 | 257,962 | 262,097 |
| I.D. 17 | 1,158,772 | 1,171,542 |
| I.D. 18 | 194,269 | 195,511 |
| I.D. 20 | 334,625 | 336,325 |
| I.D. 21 | 139,401 | 140,634 |
| I.D. 22 | 255,276 | 256,801 |
| I.D. 23 | <u>1,704,592</u> | <u>1,724,435</u> |
| | <u>\$5,192,737</u> | <u>\$5,257,274</u> |

Note 12 Unexpended Capital Funds

| | <u>1986</u> | <u>1985</u> |
|--|---------------------|---------------------|
| Balance at beginning of year | \$ 4,552,238 | \$ 5,499,466 |
| Add: Capital grants received | 4,693,679 | 3,456,696 |
| Transfer from surplus | 1,247,401 | 1,236,674 |
| Other | <u>38,162</u> | <u>250</u> |
| | 10,531,480 | 10,193,086 |
| Deduct: Capital grants released to revenue | 2,600,453 | 5,640,848 |
| Transfer to surplus | <u>936,066</u> | <u>—</u> |
| | 3,536,519 | 5,640,848 |
| Balance at end of year | <u>\$ 6,994,961</u> | <u>\$ 4,552,238</u> |

Note 13 Commitments

At the year end, unexpended contractual commitments amounted to \$1,268,229 (1985 - \$1,822,558).

Note 14 Contingent Liability

Shell Canada Ltd. has taken an action to receive certain assessment exemptions under the Municipal Taxation Act. The amount of any possible exemptions cannot be determined at this time.

Note 15 Incorporation

Pursuant to the Municipal District of Cypress No. 1 Incorporation Act, Chapter M-24.6, Statutes of Alberta 1984 and the Municipal District of Clearwater No. 99 Incorporation Act, Chapter M-24.5, Statutes of Alberta 1984, Improvement Districts No. 1 and 10 respectively were dissolved effective January 1, 1985 and all assets, liabilities, rights, duties, functions and obligations of the Minister of Municipal Affairs in respect of Improvement Districts No. 1 and 10 were vested in the municipalities.

Note 16 Total Expenditure

Total expenditure for the year is analyzed by object of expenditure as follows:

| | <u>1986</u> |
|--------------------------------------|---------------------|
| Supplies and services: | |
| Direct | \$ 9,894,165 |
| Other Alberta government departments | 20,043,966 |
| Fixed assets | 6,349,057 |
| Grants | 3,263,547 |
| Manpower | 2,497,007 |
| Interest on long-term debt | 748,795 |
| Repayment of long-term debt | 64,537 |
| | <u>\$42,861,074</u> |

Note 17 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to 1986 presentation.

Note 18 Approval of Financial Statements

These financial statements were approved by management.

METIS POPULATION BETTERMENT TRUST ACCOUNT
FINANCIAL STATEMENT
MARCH 31, 1987

Auditor's Report
Statement of Receipts, Payments and Trust Account Balance
Notes to the Financial Statement

AUDITOR'S REPORT

To the Minister of Municipal Affairs

I have examined the statement of receipts, payments and Trust Account balance of the Metis Population Betterment Trust Account for the year ended March 31, 1987. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the balance of the Account as at March 31, 1987 and the receipts and payments for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 1 to the financial statement applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 17, 1987

METIS POPULATION BETTERMENT TRUST ACCOUNT
STATEMENT OF RECEIPTS, PAYMENTS AND TRUST ACCOUNT BALANCE
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|--------------------|--------------------|
| Receipts: | | |
| Surface rights compensation: | | |
| Right of entry | \$ 690,679 | \$ 536,716 |
| Road agreements | 12,980 | 21,864 |
| | <u>703,659</u> | <u>558,580</u> |
| Seismic exploration compensation | 305,739 | 526,472 |
| Reforestation dues | 39,953 | 26,724 |
| Land levies | 14,428 | 24,193 |
| Timber dues | 12,431 | 8,133 |
| Sand and gravel sales | — | 138,079 |
| Miscellaneous | 57 | 18,421 |
| | <u>1,076,267</u> | <u>1,300,602</u> |
| Interest | 499,682 | 476,497 |
| Grant from the Province of Alberta, Department of Municipal Affairs (Note 2) | 4,676 | — |
| Housing and wiring loan repayment monies collected on behalf of the Province of Alberta | 3,231 | 3,966 |
| | <u>1,583,856</u> | <u>1,781,065</u> |
| Payments: | | |
| Grants (Note 3): | | |
| Metis settlement associations annual operating grants | 565,171 | — |
| Reforestation | 32,000 | 51,051 |
| Other | 150,540 | 230,172 |
| | <u>747,711</u> | <u>281,223</u> |
| Other operating costs (Note 4) | 77,070 | 405,094 |
| Transfer to Metis Settlement Associations Grants Administration Fund | — | 263,779 |
| Housing and wiring loan repayment monies paid to the Province of Alberta | 3,406 | 4,111 |
| | <u>828,187</u> | <u>954,207</u> |
| Excess of receipts over payments | 755,669 | 826,858 |
| Balance at beginning of year | 5,282,214 | 4,455,356 |
| Balance at end of year | <u>\$6,037,883</u> | <u>\$5,282,214</u> |
| Balance represented by deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta | <u>\$6,037,883</u> | <u>\$5,282,214</u> |

The accompanying notes are part
of this financial statement.

METIS POPULATION BETTERMENT TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENT
MARCH 31, 1987

Note 1 Entity

This financial statement is prepared on a cash basis from the transactions of the "Metis Population Betterment Trust" account of the Consolidated Cash Investment Trust Fund of the Province of Alberta.

Note 2 Grant Receipts

The grant received from the Department of Municipal Affairs represents the per capita grant under the Alberta Municipal Partnership in Local Employment program for the year ended March 31, 1987.

Note 3 Grant Payments**a) Metis Settlement Associations Annual Operating Grants**

Payment of operating expenses from the Trust Account has been discontinued in favour of the payment of operating grants to the Metis settlement associations. Each association commenced the new arrangement at a date falling within the year. The annual operating grants are based on the annual budget approved by the Minister and were paid to the following Metis settlement associations:

| | <u>1987</u> |
|--|------------------|
| Paddle Prairie Waskayigun Association | \$ 63,617 |
| Peavine Waskayigun Association | 99,253 |
| Gift Lake Waskayigun Association | 91,737 |
| East Prairie Waskayigun Association | 52,035 |
| Kikino Metis Settlement Association | 70,793 |
| Caslan Metis Settlement Association | 54,821 |
| Elizabeth Metis Settlement Association | 64,820 |
| Fishing Lake Waskayigun Association | 68,095 |
| | <u>\$565,171</u> |

b) Reforestation

Reforestation grants, to be applied to the preservation of forest lands, were paid to the following Metis Settlement Associations:

| | <u>1987</u> | <u>1986</u> |
|---------------------------------------|------------------|------------------|
| Paddle Prairie Waskayigun Association | \$ 32,000 | \$ 21,301 |
| Gift Lake Waskayigun Association | — | 29,750 |
| | <u>\$ 32,000</u> | <u>\$ 51,051</u> |

c) Other

| | <u>1987</u> | <u>1986</u> |
|---|------------------|------------------|
| Alberta Federation of Metis Settlement Associations | \$142,928 | \$162,198 |
| Peavine Waskayigun Association | — | 65,000 |
| Miscellaneous | 7,612 | 2,974 |
| | <u>\$150,540</u> | <u>\$230,172</u> |

Note 4 Other Operating Costs

Other operating costs paid from the Trust Account are summarized as follows:

| | <u>1987</u> | <u>1986</u> |
|--------------------------------|-----------------|------------------|
| Wages and benefits | \$65,510 | \$284,706 |
| Insurance | 4,256 | 5,846 |
| Travel | 2,802 | 27,703 |
| Building and equipment rentals | 2,075 | 30,758 |
| Utilities | 1,496 | 13,968 |
| Other contract services | 552 | 10,844 |
| Fixed assets | 356 | 8,660 |
| Materials and supplies | 23 | 22,609 |
| | <u>\$77,070</u> | <u>\$405,094</u> |

Note 5 Administration Costs

Certain administration services are provided at no charge by the Province of Alberta and accordingly are not reflected in this financial statement.

Note 6 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 7 Approval of Financial Statement

This financial statement was approved by management.

METIS SETTLEMENTS TRUST FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Unexpended Funds
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Municipal Affairs

I have examined the balance sheet of the Metis Settlements Trust Fund as at March 31, 1987 and the statement of revenue, expenditure and unexpended funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.

Auditor General

Edmonton, Alberta
May 25, 1987

METIS SETTLEMENTS TRUST FUND
BALANCE SHEET
MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|----------------------------------|------------------|------------------|
| ASSET | | |
| Cash | <u>\$210,075</u> | <u>\$395,560</u> |
| LIABILITIES AND UNEXPENDED FUNDS | | |
| Grants payable | \$ — | \$ 12,608 |
| Unexpended funds | <u>210,075</u> | <u>382,952</u> |
| | <u>\$210,075</u> | <u>\$395,560</u> |

The accompanying notes are part
of these financial statements.

METIS SETTLEMENTS TRUST FUND
STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS
FOR THE YEAR ENDED MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|------------------|------------------|
| Revenue: | | |
| Interest | \$ 30,537 | \$ 40,145 |
| Expenditure: | | |
| Grants | <u>203,414</u> | <u>93,829</u> |
| Excess of expenditure over revenue | 172,877 | 53,684 |
| Unexpended funds at beginning of year | <u>382,952</u> | <u>436,636</u> |
| Unexpended funds at end of year (Note 3) | <u>\$210,075</u> | <u>\$382,952</u> |

METIS SETTLEMENTS TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Metis Settlements Trust Fund operates under the authority of the Department of Municipal Affairs Act, Chapter D-25.1, Statutes of Alberta 1986.

Note 2 Significant Accounting Policies and Reporting Practices

(i) Grants

Grants are recorded in the financial statements as expenditure when approved.

(ii) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Summary of Transactions and Unexpended Funds by Settlement

| Settlement | Unexpended Funds | For the Year Ended March 31, 1987 | | Unexpended Funds |
|----------------|---------------------|--------------------------------------|------------------|---------------------|
| | March 31, 1986 | Revenue | Expenditure | March 31, 1987 |
| Paddle Prairie | \$167,260 | \$11,876 | \$175,000 | \$ 4,136 |
| Big Prairie | 2,021 | 188 | — | 2,209 |
| Gift Lake | 142,668 | 13,257 | — | 155,925 |
| East Prairie | 3,177 | 295 | — | 3,472 |
| Kikino | 448 | 41 | — | 489 |
| Caslan | 6,228 | 132 | 5,991 | 369 |
| Elizabeth | 449 | 319 | — | 768 |
| Fishing Lake | 60,701 | 4,429 | 22,423 | 42,707 |
| | <u>\$382,952</u> | <u>\$30,537</u> | <u>\$203,414</u> | <u>\$210,075</u> |

Note 4 Administration Costs

Certain administration services are provided at no charge by the Province of Alberta and accordingly are not reflected in these financial statements.

Note 5 Approval of Financial Statements

These financial statements were approved by management.

SPECIAL AREAS TRUST ACCOUNT
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Revenue, Expenditure and Accumulated Surplus
Statement of Capital Reserves
Statement of Equity in Fixed Assets
Statement of Changes in Cash Resources
Notes to the Financial Statements

AUDITOR'S REPORT

To the Minister of Municipal Affairs

I have examined the balance sheet of the Special Areas Trust Account as at December 31, 1986 and the statements of revenue, expenditure and accumulated surplus, capital reserves, equity in fixed assets and changes in cash resources for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Account as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied, after giving retroactive effect to the change in the capital reserves accounting policies as described in Note 3 to the financial statements, on a basis consistent with that of the preceding year.



Edmonton, Alberta
March 27, 1987

C.A.
Auditor General

SPECIAL AREAS TRUST ACCOUNT
BALANCE SHEET
AS AT DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| Current: | | |
| Cash (Note 4) | \$15,380,287 | \$13,670,716 |
| Accounts receivable (Note 5) | 2,759,184 | 2,519,315 |
| Taxes and grants in lieu receivable | 362,018 | 237,304 |
| Inventories (Note 2) | 981,227 | 1,024,329 |
| Prepaid expenses | 26,169 | 12,035 |
| | <u>19,508,885</u> | <u>17,463,699</u> |
| Non-Current: | | |
| Accounts receivable (Note 5) | 14,744,855 | 15,536,478 |
| Investment (Note 6) | 150 | 150 |
| Fixed (Notes 2 and 7) | <u>16,066,629</u> | <u>14,747,972</u> |
| | <u>\$50,320,519</u> | <u>\$47,748,299</u> |
| LIABILITIES AND TRUST EQUITY | | |
| Current: | | |
| Due to Province of Alberta, net (Note 8) | \$ 1,399,241 | \$ 1,142,566 |
| Accounts payable and accruals | 416,955 | 708,974 |
| Deferred revenue | 91,644 | 98,193 |
| | <u>1,907,840</u> | <u>1,949,733</u> |
| Trust Equity: | | |
| Accumulated surplus (Note 3) | 3,512,106 | 3,761,595 |
| Capital reserves (Note 2) | 28,833,944 | 27,288,999 |
| Fixed assets (Note 2) | <u>16,066,629</u> | <u>14,747,972</u> |
| | <u>48,412,679</u> | <u>45,798,566</u> |
| | <u>\$50,320,519</u> | <u>\$47,748,299</u> |

The accompanying notes are part
of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|---------------------|---------------------|
| REVENUE | | |
| General Municipal: | | |
| Taxation: | | |
| Power and pipeline | \$ 4,471,304 | \$ 4,564,570 |
| Real property | 3,430,579 | 3,185,675 |
| Grazing | 827,398 | 850,277 |
| Provincial grants in lieu | 91,599 | 66,057 |
| Penalties and costs on taxes | 62,966 | 40,380 |
| Mobile home license fees | 2,945 | 2,224 |
| | <u>8,886,791</u> | <u>8,709,183</u> |
| Less: Expended by transfers: | | |
| Supplementary school requisitions | 3,547,946 | 3,345,204 |
| Provincial school foundation | 1,672,851 | 1,838,070 |
| Homes for aged requisitions | 209,513 | 235,528 |
| Hospital requisitions | 101,571 | 109,008 |
| Alberta Planning Fund requisitions | 47,186 | 48,801 |
| Industrial tax transfers | 26,880 | 24,180 |
| | <u>5,605,947</u> | <u>5,600,791</u> |
| Net taxes for municipal purposes | 3,280,844 | 3,108,392 |
| Tax recovery land sales (Note 9) | 2,166,090 | 3,633,623 |
| Leases | 3,522,626 | 3,600,248 |
| Provincial grants (Note 10) | 3,071,149 | 3,239,643 |
| Interest | 2,422,804 | 2,690,400 |
| Other | 673,501 | 572,277 |
| Proceeds from sales of fixed assets | — | 88,468 |
| TOTAL REVENUE | <u>15,137,014</u> | <u>16,933,051</u> |
| EXPENDITURE | | |
| General Municipal: | | |
| Transportation services | 10,835,567 | 11,759,451 |
| Administrative services | 1,590,037 | 1,796,474 |
| Environmental development services | 745,946 | 557,365 |
| Recreational, cultural and educational services | 350,716 | 227,681 |
| Protective services | 232,205 | 269,248 |
| Health and welfare services | 87,087 | 45,340 |
| TOTAL EXPENDITURE | <u>13,841,558</u> | <u>14,655,559</u> |
| Excess of revenue over expenditure | 1,295,456 | 2,277,492 |
| Accumulated surplus at beginning of year | 3,761,595 | 4,665,812 |
| | <u>5,057,051</u> | <u>6,943,304</u> |
| Add: | | |
| Transfers from capital reserves | | |
| Funding for purchase of fixed assets | 555,724 | 465,611 |
| Less: | | |
| Transfers to capital reserves | | |
| Tax recovery land sales | 2,077,105 | 3,551,184 |
| Municipal debt reduction interest | 23,564 | 96,136 |
| | <u>2,100,669</u> | <u>3,647,320</u> |
| Accumulated surplus at end of year | <u>\$ 3,512,106</u> | <u>\$ 3,761,595</u> |
| Increase (decrease) in accumulated surplus compared to the previous year | <u>\$ (249,489)</u> | <u>\$ (904,217)</u> |

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CAPITAL RESERVES
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|---------------------|---------------------|
| TAX RECOVERY LAND SALES RESERVE | | |
| Balance at beginning of year | \$26,725,325 | \$23,174,141 |
| Add: Net sales transferred from operations | <u>2,077,105</u> | <u>3,551,184</u> |
| Balance at end of year | <u>28,802,430</u> | <u>26,725,325</u> |
| MUNICIPAL DEBT REDUCTION RESERVE | | |
| Balance at beginning of year | 528,176 | 932,040 |
| Add: Interest transferred from operations | <u>23,564</u> | <u>96,136</u> |
| | 551,740 | 1,028,176 |
| Less: Funding of capital expenditure transferred to unexpended capital funds | <u>551,740</u> | <u>500,000</u> |
| Balance at end of year | <u>—</u> | <u>528,176</u> |
| PUBLIC RESERVE | | |
| Balance at beginning and end of year | <u>1,109</u> | <u>1,109</u> |
| UNEXPENDED CAPITAL FUNDS | | |
| Balance at beginning of year | 34,389 | — |
| Transfer from municipal debt reduction reserve | <u>551,740</u> | <u>500,000</u> |
| | 586,129 | 500,000 |
| Transfer to surplus | | |
| Cost of fixed assets financed through capital reserves | <u>555,724</u> | <u>465,611</u> |
| Balance at end of year | <u>30,405</u> | <u>34,389</u> |
| TOTAL CAPITAL RESERVES | <u>\$28,833,944</u> | <u>\$27,288,999</u> |

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF EQUITY IN FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|------------------------------------|---------------------|---------------------|
| Balance at beginning of year | \$14,747,972 | \$13,078,571 |
| Add: Purchase of fixed assets | | |
| Transportation services | 1,327,601 | 1,555,472 |
| Environmental development services | 91,346 | 24,589 |
| Administrative services | 28,263 | 348,522 |
| Protective services | <u>—</u> | <u>91,101</u> |
| | 1,447,210 | 2,019,684 |
| | 16,195,182 | 15,098,255 |
| Less: Disposal of fixed assets | <u>128,553</u> | <u>350,283</u> |
| Balance at end of year | <u>\$16,066,629</u> | <u>\$14,747,972</u> |

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CHANGES IN CASH RESOURCES
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|-------------------------------------|---------------------|---------------------|
| Sources of cash: | | |
| Cash from operations: | | |
| Excess of revenue over expenditure | \$ 1,295,456 | \$ 2,277,492 |
| Decrease in non-current assets | <u>791,623</u> | <u>—</u> |
| | <u>2,087,079</u> | <u>2,277,492</u> |
| Uses of cash: | | |
| Cash applied to working capital: | | |
| Increase in non-cash current assets | 335,615 | 307,007 |
| Decrease in current liabilities | <u>41,893</u> | <u>694,393</u> |
| | 377,508 | 1,001,400 |
| Increase in non-current assets | <u>—</u> | <u>638,895</u> |
| | <u>377,508</u> | <u>1,640,295</u> |
| Increase in cash | 1,709,571 | 637,197 |
| Cash at beginning of year | <u>13,670,716</u> | <u>13,033,519</u> |
| Cash at end of year | <u>\$15,380,287</u> | <u>\$13,670,716</u> |

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Special Areas Trust Account operates under the authority of the Special Areas Act, Chapter S-20, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies

(i) These financial statements have been prepared in accordance with generally accepted accounting principles except as follows:

(a) Fixed Assets

Fixed asset acquisitions are included as expenditure in the statement of revenue, expenditure and accumulated surplus. For information purposes, fixed assets having an original cost greater than \$2,500 are shown on the balance sheet at cost with the offsetting credit to equity in fixed assets. No provision is made for depreciation of fixed assets.

(b) Revenues

Revenues from crop shares and Wheat Board adjustments are recorded on a cash basis.

(c) Tax Recovery Land

Tax recovery land is not valued for balance sheet purposes. Approximately 1.489 million acres of tax recovery land remains unsold as at December 31, 1986 (1985 - 1.530 million acres).

(ii) Other significant accounting policies are as follows:

(a) Inventories:

Inventories are valued at the lower of cost or net realizable value.

Cost is determined as follows:

| | 1986 | 1985 |
|-------------------------------|------------------|--------------------|
| Parts and other, average cost | \$651,182 | \$ 606,488 |
| Gravel, first in first out | 315,371 | 408,981 |
| Fuel, first in first out | 14,674 | 8,860 |
| | <u>\$981,227</u> | <u>\$1,024,329</u> |

(b) Capital Reserves:

The reserves have been established for the funding of any expenditure that the Minister of Municipal Affairs may authorize.

The reserves include revenue from the sale of tax recovery land, cash in lieu of public reserve and funds received under the Municipal Debt Reduction Act. Interest earned on municipal debt reduction funds is transferred to the reserve from operations.

Note 3 Change in Accounting Policy

In prior years transfers between accumulated surplus and capital reserves were reported as expenditures and revenues. The cost of fixed asset purchases financed out of capital reserves was charged directly to capital reserves.

Effective January 1, 1986 the Trust adopted the policy of recording transfers to and from capital reserves as adjustments of accumulated surplus, charging to expenditure the entire cost of fixed asset acquisitions and recording the cost of fixed asset purchases financed out of capital reserves as transfers from capital reserves to accumulated surplus.

This change of accounting policy has been applied retroactively and has the following effect on the financial statements.

| | 1986 | 1985 |
|---|--------------------|--------------------|
| Increases in expenditures due to charging entire cost of fixed asset acquisitions: | | |
| Transportation services | \$ 472,156 | \$ 107,536 |
| Administrative services | 17,121 | 343,186 |
| Environmental development services | 66,447 | 14,889 |
| | <u>555,724</u> | <u>465,611</u> |
| Decrease in expenditure due to recording of transfers as adjustments of operating surplus | 2,100,669 | 3,647,320 |
| Decrease in total expenditures | <u>\$1,544,945</u> | <u>\$3,181,709</u> |

There is no effect on the capital reserves and the accumulated surplus at beginning or end of year.

FUNDS

Note 4 Cash

Cash includes a deposit of \$14,947,473 in the Consolidated Cash Investment Trust Fund of the Province of Alberta (1985 - \$13,057,163).

Note 5 Accounts Receivable

Accounts receivable are comprised of the following:

| | <u>1986</u> | <u>1985</u> |
|---------------------|---------------------|---------------------|
| Current: | | |
| Tax Recovery: | | |
| Land sales | \$ 1,758,717 | \$ 1,549,160 |
| Accrued interest | 599,473 | 636,439 |
| | <u>2,358,190</u> | <u>2,185,599</u> |
| Leases | 200,763 | 186,772 |
| Recreation advances | 52,974 | 36,735 |
| Miscellaneous | 147,257 | 110,209 |
| | <u>\$ 2,759,184</u> | <u>\$ 2,519,315</u> |
| Non-Current: | | |
| Tax Recovery: | | |
| Land sales | \$14,453,856 | \$15,336,709 |
| Recreation advances | 275,834 | 180,408 |
| Miscellaneous | 15,165 | 19,361 |
| | <u>\$14,744,855</u> | <u>\$15,536,478</u> |

Title to tax recovery land sold is not transferred from the Minister of Municipal Affairs to the purchaser until all purchase monies have been paid. If a purchaser defaults in payment, the agreement for sale may be declared null and void and all monies received may be retained by the Trust Account as liquidated damages.

Note 6 Investment

| | <u>1986</u> | <u>1985</u> |
|---|--------------|--------------|
| Alberta Municipal Financing Corporation shares at cost | <u>\$150</u> | <u>\$150</u> |

Note 7 Fixed Assets

Fixed assets, at cost are comprised of the following:

| | <u>1986</u> | <u>1985</u> |
|--------------------------------------|---------------------|---------------------|
| Land | \$ 173,441 | \$ 264,080 |
| Buildings | 4,176,999 | 4,093,206 |
| Vehicle and mobile equipment | 10,932,571 | 9,706,236 |
| Machinery and equipment | 752,841 | 654,528 |
| Electronic data processing equipment | 21,432 | 20,577 |
| Office equipment | 9,345 | 9,345 |
| | <u>\$16,066,629</u> | <u>\$14,747,972</u> |

Note 8 Due to Province of Alberta, net

The net amount due to the Province of Alberta is comprised of the following:

| | <u>1986</u> | <u>1985</u> |
|-----------------------------------|--------------------|--------------------|
| Due to the Province of Alberta: | | |
| Salaries | \$ 453,748 | \$1,112,010 |
| Administration charges | 102,624 | 94,428 |
| Other | 1,011,505 | 51,540 |
| | <u>1,567,877</u> | <u>1,257,978</u> |
| Due from the Province of Alberta: | | |
| Grants | (106,233) | (42,425) |
| Other | (62,403) | (72,987) |
| | <u>(168,636)</u> | <u>(115,412)</u> |
| | <u>\$1,399,241</u> | <u>\$1,142,566</u> |

Note 9 Tax Recovery Land Sale Revenue

Tax recovery land sale revenue is comprised of the following:

| | <u>1986</u> | <u>1985</u> |
|-----------------------------|--------------------|--------------------|
| Land sales - agreements | \$1,858,440 | \$3,063,000 |
| Land sales - full payment | 215,280 | 492,320 |
| Mineral surface lease sales | 92,370 | 78,303 |
| | <u>\$2,166,090</u> | <u>\$3,633,623</u> |

Note 10 Provincial Grants

Provincial grant revenue is comprised of the following:

| | <u>1986</u> | <u>1985</u> |
|--|--------------------|--------------------|
| Transportation and Utilities | \$1,667,144 | \$1,991,940 |
| Municipal Affairs | 1,129,284 | 1,024,082 |
| Agriculture | 184,865 | 147,681 |
| Recreation and Parks | 70,000 | 56,823 |
| Career Development and Employment | 10,304 | 18,062 |
| Environment | 8,495 | — |
| Executive Council - Public Safety Services | 1,057 | 1,055 |
| | <u>\$3,071,149</u> | <u>\$3,239,643</u> |

Note 11 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to 1986 presentation.

Note 12 Approval of Financial Statements

These financial statements have been approved by management.

THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' GROUP LIFE INSURANCE TRUST ACCOUNT
FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Balance Sheet
Statement of Income and Retained Earnings
Notes to the Financial Statements

AUDITOR'S REPORT

To the Members of the Board of
The Alberta Government Telephones
Employees' Pension and Death Benefit Fund

I have examined the balance sheet of The Alberta Government Telephones Employees' Group Life Insurance Trust Account as at December 31, 1986 and the statement of income and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Account as at December 31, 1986 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon

Edmonton, Alberta
March 12, 1987

C.A.
Auditor General

THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' GROUP LIFE INSURANCE TRUST ACCOUNT
BALANCE SHEET
AS AT DECEMBER 31, 1986

| | 1986 | 1985 |
|-----------------------------------|--------------------|--------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 55,685 | \$ 38,793 |
| Short-term investments | 620,000 | 600,000 |
| Accounts receivable | 7,757 | 238,532 |
| Dividends receivable | 1,520 | 1,520 |
| Accrued interest | 140,884 | 114,424 |
| | <u>825,846</u> | <u>993,269</u> |
| Investments: | | |
| Bonds and debentures (Note 4) | 6,780,862 | 5,627,532 |
| Shares (Note 5) | 80,000 | 80,000 |
| | <u>6,860,862</u> | <u>5,707,532</u> |
| | <u>\$7,686,708</u> | <u>\$6,700,801</u> |
| LIABILITIES AND RETAINED EARNINGS | | |
| Current: | | |
| Accounts payable | \$ 926 | \$ 875 |
| Retained earnings | 7,685,782 | 6,699,926 |
| | <u>\$7,686,708</u> | <u>\$6,700,801</u> |

The accompanying notes are part
of these financial statements.

THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' GROUP LIFE INSURANCE TRUST ACCOUNT
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1986

| | 1986 | 1985 |
|--|--------------------|--------------------|
| Contributions received: | | |
| Active employees | \$1,737,932 | \$1,724,907 |
| Retired employees | 102,618 | 94,734 |
| Voluntary | 169,564 | 140,118 |
| | <u>2,010,114</u> | <u>1,959,759</u> |
| Premiums paid: | | |
| Active employees | 1,344,179 | 1,252,555 |
| Retired employees | 320,450 | 261,465 |
| Voluntary | 169,591 | 140,219 |
| | <u>1,834,220</u> | <u>1,654,239</u> |
| Excess of contributions over premiums for the year | 175,894 | 305,520 |
| Rebate from underwriter | 23,778 | 238,487 |
| Net income before investment income | 199,672 | 544,007 |
| Investment income (Note 6) | 786,184 | 690,520 |
| Net income for the year | 985,856 | 1,234,527 |
| Retained earnings at beginning of year | 6,699,926 | 5,465,399 |
| Retained earnings at end of year | <u>\$7,685,782</u> | <u>\$6,699,926</u> |

THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' GROUP LIFE INSURANCE TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Background and Authority

The Group Life Insurance Trust Account was commenced on July 1, 1971 following the establishment of a group life insurance plan by The Alberta Government Telephones Commission for the benefit of its employees and pensioners. Contributions under the plan are paid into the group life insurance trust account and premiums charged by the underwriter are paid out of this account. Any excess funds are invested by the Alberta Government Telephones Pension Board who have been assigned the responsibility for the administration of the plan by the Commission.

Note 2 Significant Accounting Policies and Reporting Practices

a) Investments

Investments are recorded at cost or amortized cost where applicable. Amortization of premium or discount is calculated using a straight-line method.

b) Rebate from Underwriter

Rebates of premiums paid to the underwriter relating to the period ended June 30 are recognized in the corresponding fiscal year of the Trust Account.

c) Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Administration Expenses

All administration expenses are borne by The Alberta Government Telephones Commission and are not reflected in these financial statements.

Note 4 Bonds and Debentures

Bonds and debentures, at amortized cost, consist of:

| | 1986 | 1985 |
|---|--------------------|--------------------|
| Par value: | | |
| Government of Canada, direct and guaranteed | \$2,891,250 | \$2,819,500 |
| Provincial, direct and guaranteed | 2,620,000 | 1,720,000 |
| Municipal | 275,000 | 275,000 |
| Corporate | 1,350,000 | 1,310,000 |
| | 7,136,250 | 6,124,500 |
| Less unamortized discount | 355,388 | 496,968 |
| | <u>\$6,780,862</u> | <u>\$5,627,532</u> |
| Approximate market value | <u>\$7,309,700</u> | <u>\$6,093,100</u> |

Note 5 Shares

Shares, at cost, consist of:

| | 1986 | 1985 |
|--------------------------|-----------------|-----------------|
| Preferred shares | <u>\$80,000</u> | <u>\$80,000</u> |
| Approximate market value | <u>\$57,500</u> | <u>\$69,000</u> |

Note 6 Investment Income

Investment income consists of:

| | 1986 | 1985 |
|--|------------------|------------------|
| Bonds and debentures interest and amortization | \$734,797 | \$651,106 |
| Short-term investment income | 42,680 | 32,286 |
| Dividends | 6,080 | 6,080 |
| Gain on sale of bonds | 2,092 | 750 |
| Bank interest | 464 | 298 |
| Miscellaneous | 71 | — |
| | <u>\$786,184</u> | <u>\$690,520</u> |

Note 7 Approval of Financial Statements

These financial statements were approved by the Pension Board.

THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' PENSION AND DEATH BENEFIT FUND
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1986

Auditor's Report
Consolidated Balance Sheet
Consolidated Statement of Operations
Consolidated Statement of Changes in Financial Position
Notes to the Consolidated Financial Statements
Consolidated Schedule of Net Earnings

AUDITOR'S REPORT

To the Members of the Board of
The Alberta Government Telephones
Employees' Pension and Death Benefit Fund

I have examined the consolidated balance sheet of The Alberta Government Telephones Employees' Pension and Death Benefit Fund as at December 31, 1986 and the consolidated statements of operations and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Fund as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
March 20, 1987

THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' PENSION AND DEATH BENEFIT FUND
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1986

| | 1986 | 1985 |
|-------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Current: | | |
| Short-term investments | \$ 53,485,987 | \$ 18,040,888 |
| Contributions receivable | 2,806,009 | 2,829,944 |
| Accrued interest | 8,619,747 | 8,759,699 |
| Accounts receivable | 3,955,238 | 5,028,272 |
| Prepaid expenses | 41,808 | 14,445 |
| | <u>68,908,789</u> | <u>34,673,248</u> |
| Investments: | | |
| Mortgages receivable (Note 5) | 86,440,212 | 86,453,165 |
| Bonds and debentures (Note 6) | 244,150,229 | 224,549,801 |
| Equities (Note 7) | 281,793,719 | 232,128,145 |
| Oil and gas properties | — | 5,900,249 |
| Land and buildings | 8,543,460 | 5,684,000 |
| Farm land | 2,410,622 | 2,410,122 |
| | <u>623,338,242</u> | <u>557,125,482</u> |
| Fixed assets: | | |
| Computer equipment, at cost | — | 10,608 |
| Less: Accumulated depreciation | — | 4,933 |
| | <u>—</u> | <u>5,675</u> |
| | <u>\$692,247,031</u> | <u>\$591,804,405</u> |
| LIABILITIES AND RESERVES | | |
| Current: | | |
| Bank overdraft | \$ 554,699 | \$ 114,666 |
| Accounts payable | 510,187 | 1,319,802 |
| Due to ATI pension fund (Note 8) | 6,475,967 | 6,172,765 |
| | <u>7,540,853</u> | <u>7,607,233</u> |
| Deferred credits: | | |
| Unamortized exchange gains | — | 14,481 |
| Unearned income | — | 21,220 |
| | <u>—</u> | <u>35,701</u> |
| General investment reserve (Note 9) | <u>1,560,000</u> | <u>1,395,000</u> |
| Pension and Death Benefit Fund: | | |
| Reserve for future benefits | 683,146,178 | 582,766,471 |
| | <u>\$692,247,031</u> | <u>\$591,804,405</u> |

The accompanying notes are part
of these financial statements.

THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' PENSION AND DEATH BENEFIT FUND
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|--|----------------------|----------------------|
| Balance at beginning of year | \$582,766,471 | \$512,170,894 |
| Add: | | |
| Net earnings, Schedule 1 | 74,470,777 | 48,605,694 |
| Contributions from The Alberta Government Telephones Commission: | | |
| Regular (Note 10) | 21,409,288 | 22,104,384 |
| Supplemental | 2,510,159 | 2,485,236 |
| | <u>23,919,447</u> | <u>24,589,620</u> |
| Contributions from employees: | | |
| Regular | 16,638,885 | 16,870,327 |
| Supplemental | 2,511,894 | 2,489,282 |
| Voluntary | 935,881 | 749,450 |
| | <u>20,086,660</u> | <u>20,109,059</u> |
| Contributions and earnings transferred from other pension authorities | 32,453 | 12,138 |
| Transfer from ATI pension fund (Note 8) | 2,742,621 | — |
| | <u>704,018,429</u> | <u>605,487,405</u> |
| Deduct: | | |
| Pension payments | 15,093,719 | 13,613,998 |
| Withdrawals | 2,513,207 | 2,632,228 |
| Death benefit payments | 78,000 | 120,000 |
| Death settlement payments | 52,897 | 99,535 |
| Contributions and earnings transferred to other pension authorities | 88,778 | 82,408 |
| Transfer to ATI pension fund (Note 8) | 3,045,650 | 6,172,765 |
| | <u>20,872,251</u> | <u>22,720,934</u> |
| Balance at end of year | <u>\$683,146,178</u> | <u>\$582,766,471</u> |

THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' PENSION AND DEATH BENEFIT FUND
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|---|----------------------|----------------------|
| Operating activities: | | |
| Net earnings, Schedule 1 | \$ 74,470,777 | \$ 48,605,694 |
| Items not requiring an outlay of cash: | | |
| Provision for the decline in value of investments (Note 11) | 5,123,248 | 6,862,667 |
| Amortization of premiums and discounts, net | 1,519,301 | 1,043,939 |
| Acquisition of land and buildings | (2,859,460) | (1,072,000) |
| Other (Note 11) | 131,208 | 132,020 |
| Net change in non-cash working capital components (Note 11) | <u>703,145</u> | <u>2,613,420</u> |
| Cash provided by operating activities | <u>79,088,219</u> | <u>58,185,740</u> |
| Financing activities: | | |
| Contributions, net of payments, withdrawals and transfers | <u>25,908,930</u> | <u>21,989,883</u> |
| Investing activities: | | |
| Increase in equities | (53,738,688) | (57,621,866) |
| Increase in bonds and debentures | (21,119,701) | (47,587,946) |
| (Increase) decrease in oil and gas properties | 5,900,249 | (3,400,249) |
| (Increase) decrease in mortgages receivable | (1,037,209) | 9,848,888 |
| Decrease in computer equipment | 3,766 | — |
| Increase in farm land | <u>(500)</u> | <u>—</u> |
| Cash used by investing activities | <u>(69,992,083)</u> | <u>(98,761,173)</u> |
| Cash and cash equivalents: | | |
| Increase (decrease) during the year | 35,005,066 | (18,585,550) |
| Balance at beginning of year | <u>17,926,222</u> | <u>36,511,772</u> |
| Balance at end of year | <u>\$ 52,931,288</u> | <u>\$ 17,926,222</u> |

THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' PENSION AND DEATH BENEFIT FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1986

Note 1 Authority

The Alberta Government Telephones Employees' Pension and Death Benefit Fund operates under the authority of The Alberta Government Telephones Act, Chapter A-23, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies and Reporting Practices

a) Principles of Consolidation

The consolidated financial statements include the accounts of The Alberta Government Telephones Employees' Pension and Death Benefit Fund and its wholly - owned subsidiary, Step by Step Resources Ltd.

Step by Step Resources Ltd. is incorporated in the Province of Alberta. Its purpose is to own and participate in development drilling programs for petroleum and natural gas wells located in Canada.

Significant accounts between the Fund and the subsidiary have been eliminated.

b) Investments

Investments, except for land and buildings (Note 2(f)), are recorded at cost or amortized cost where applicable. Amortization of premium or discount is calculated on a straight-line basis from acquisition date to maturity date. Allowances are recorded to recognize any permanent decline in value of investments.

Dividend income is recognized at the date dividends are declared.

c) Market Value

Market values of investments which are not publicly quoted are determined by management based on relevant information available.

d) Translation of Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Non-monetary assets and liabilities are translated at the rate in effect at the transaction date.

Realized exchange gains or losses are reflected in net income for the year.

e) General Investment Reserve

Represents an amount set aside from income to cover extraordinary losses incurred on liquidation of assets as a result of default, bankruptcy or reorganization.

f) Land and Buildings

The investment in land and buildings is recorded at the lower of cost and net realizable value as determined by an independent appraisal.

Note 3 Administration Expenses

All administration expenses except for the cost of investment services are borne by The Alberta Government Telephones Commission and are not reflected in these financial statements. These expenses amounted to \$595,780 for the year ended December 31, 1986, (1985 \$562,155).

Note 4 Investment in Subsidiary Company

The following is a summary of the Fund's interest in Step by Step Resources Ltd.

| | 1986 | 1985 |
|-------------|---------------------|--------------------|
| Assets | \$10,229,315 | \$9,021,156 |
| Liabilities | 47,384 | 107,630 |
| Equity | <u>\$10,181,931</u> | <u>\$8,913,526</u> |

| | | | |
|---------|---|----------------------|----------------------|
| Note 5 | Mortgages Receivable | | |
| | Mortgages receivable, at amortized cost, consist of: | | |
| | | <u>1986</u> | <u>1985</u> |
| | National Housing Act mortgages | \$45,814,096 | \$40,196,506 |
| | Mortgages insured by The Mortgage Insurance Company of Canada | 9,439,406 | 13,501,039 |
| | Other first mortgages | <u>32,454,280</u> | <u>34,333,163</u> |
| | | 87,707,782 | 88,030,708 |
| | Add: Unamortized premium | <u>16,482</u> | <u>16,510</u> |
| | | 87,724,264 | 88,047,218 |
| | Less: Allowance for uncollectable mortgages receivable | <u>1,284,052</u> | <u>1,594,053</u> |
| | | <u>\$86,440,212</u> | <u>\$86,453,165</u> |
| | Approximate market value | <u>\$88,438,500</u> | <u>\$87,015,700</u> |
| Note 6 | Bonds and Debentures | | |
| | Bonds and debentures, at amortized cost, consist of: | | |
| | | <u>1986</u> | <u>1985</u> |
| | Government of Canada, direct and guaranteed | \$115,297,000 | \$120,397,000 |
| | Provincial, direct and guaranteed | 51,233,000 | 34,733,000 |
| | Municipal | 5,487,000 | 5,500,000 |
| | Corporations | <u>54,109,626</u> | <u>50,164,486</u> |
| | Par value | 226,126,626 | 210,794,486 |
| | Add: Unamortized discounts and premiums, net | <u>18,023,603</u> | <u>13,755,315</u> |
| | | <u>\$244,150,229</u> | <u>\$224,549,801</u> |
| | Approximate market value | <u>\$275,449,000</u> | <u>\$254,338,500</u> |
| Note 7 | Equities | | |
| | Equities consist of: | | |
| | | <u>1986</u> | <u>1985</u> |
| | Common shares | \$265,163,818 | \$217,992,530 |
| | Preferred shares | 4,686,531 | 4,862,352 |
| | Limited partnership units | 10,766,495 | 13,600,763 |
| | Warrants | <u>1,176,875</u> | <u>1,392,500</u> |
| | Total cost of equities | 281,793,719 | 237,848,145 |
| | Less: Allowance for decline in value of: | | |
| | Limited partnership units | — | 4,000,000 |
| | Common shares | — | 1,720,000 |
| | | <u>\$281,793,719</u> | <u>\$232,128,145</u> |
| | Approximate market value | <u>\$340,100,000</u> | <u>\$287,877,300</u> |
| Note 8 | Due to ATI Pension Fund | | |
| | During the year, the Board of Directors of Alta. Telecom International Ltd. (ATI), a wholly-owned subsidiary of The Alberta Government Telephones Commission, continued a pension plan for its employees. | | |
| | This liability represents the net value of pension benefits credited to employees of the Commission who were transferred to and from ATI. | | |
| Note 9 | General Investment Reserve | | |
| | | <u>1986</u> | <u>1985</u> |
| | Balance at beginning of year | \$1,395,000 | \$1,170,000 |
| | Add: Current year's provision | <u>165,000</u> | <u>2,140,497</u> |
| | | 1,560,000 | 3,310,497 |
| | Less: Write down of common shares | — | 1,915,497 |
| | Balance at end of year | <u>\$1,560,000</u> | <u>\$1,395,000</u> |
| Note 10 | Actuarial Valuation | | |
| | An independent actuarial valuation of the Pension Fund as at December 31, 1985 indicated no unfunded liability. In the opinion of the actuaries, the Fund as constituted at the valuation date, together with contributions expected to be received, is sufficient to provide benefits under the Plan as they fall due. | | |

Note 11 Changes in Financial Position

| | <u>1986</u> | <u>1985</u> |
|--|---------------------|---------------------|
| Provision for the decline in value of investments: | | |
| Common shares | \$ 3,073,114 | \$ 3,576,760 |
| Limited partnership units | 1,000,000 | 2,521,000 |
| Mortgages receivable | 1,050,134 | 764,907 |
| | <u>\$ 5,123,248</u> | <u>\$ 6,862,667</u> |
| Other: | | |
| Appropriation to general investment reserve, net | \$ 165,000 | \$ 225,000 |
| Decrease in deferred credits | (35,701) | (94,890) |
| Depreciation | 1,909 | 1,910 |
| | <u>\$ 131,208</u> | <u>\$ 132,020</u> |
| Net change in non-cash working capital components: | | |
| Decrease (increase) in current assets | \$ 1,209,558 | \$(2,865,781) |
| Increase (decrease) in current liabilities | (506,413) | 5,479,201 |
| | <u>\$ 703,145</u> | <u>\$ 2,613,420</u> |

Note 12 Comparative Figures

The 1985 figures have been reclassified where necessary to conform to 1986 presentation.

Note 13 Approval of Financial Statements

These financial statements were approved by the Pension Board.

Sched

THE ALBERTA GOVERNMENT TELEPHONES
EMPLOYEES' PENSION AND DEATH BENEFIT FUND
CONSOLIDATED SCHEDULE OF NET EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1986

| | <u>1986</u> | <u>1985</u> |
|---|---------------------|---------------------|
| Bond and debenture income, net | \$26,416,469 | \$24,290,877 |
| Profit on sales of equities, net | 18,732,355 | 8,259,059 |
| Dividends, net | 10,508,032 | 7,879,232 |
| Mortgage income | 10,310,713 | 11,365,274 |
| Profit on sales of bonds, net | 8,857,866 | 2,254,723 |
| Interest on short-term investments | 3,958,147 | 1,684,148 |
| Income from partnership units, net | 708,088 | 673,253 |
| Income from oil and gas properties, net | 464,010 | 1,281,195 |
| Income from land and buildings, net | 157,956 | 103,115 |
| Income from farm land, net | 98,521 | 93,627 |
| Profit on sale of land and building | 76,750 | 90,758 |
| U.S. exchange (loss) gains realized | (148) | 63,337 |
| Other interest income, net | 35,976 | 33,717 |
| | <u>80,324,735</u> | <u>58,072,315</u> |
| Deduct: | | |
| Provision for decline in value of common shares | 3,073,114 | 3,576,760 |
| Provision for non-repayment of mortgages | 1,050,134 | 764,907 |
| Provision for decline in value of limited partnership units | 1,000,000 | 2,521,000 |
| Investment services, net | 385,585 | 247,253 |
| Mortgage management service fees | 137,850 | 143,179 |
| Expenses incurred on equities | 24,213 | 40,842 |
| Honorarium and expenses of board member | 7,146 | 7,000 |
| Mortgage legal fees | 5,270 | 8,101 |
| Bank overdraft interest | 3,737 | 15,172 |
| Depreciation | 1,909 | 1,910 |
| | <u>5,688,958</u> | <u>7,326,124</u> |
| Net earnings before appropriation to general investment reserve | 74,635,777 | 50,746,191 |
| Appropriation to general investment reserve | (165,000) | (2,140,497) |
| Net earnings for the year | <u>\$74,470,777</u> | <u>\$48,605,694</u> |

CONSOLIDATED CASH INVESTMENT TRUST FUND
FINANCIAL STATEMENTS
MARCH 31, 1987

Balance Sheet
Statement of Income
Notes to the Financial Statements
Schedule of Investments

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the balance sheet of the Consolidated Cash Investment Trust Fund as at March 31, 1987 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
July 31, 1987

CONSOLIDATED CASH INVESTMENT TRUST FUND
BALANCE SHEET
MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|----------------------------|------------------|--------------------|
| ASSETS | | |
| Accrued interest | \$ 1,173 | \$ 648 |
| Investments, Schedule 1 | <u>971,250</u> | <u>1,211,363</u> |
| | <u>\$972,423</u> | <u>\$1,212,011</u> |
| LIABILITIES | | |
| Due to depositors (Note 3) | <u>\$972,423</u> | <u>\$1,212,011</u> |

The accompanying notes are part
of these financial statements.

CONSOLIDATED CASH INVESTMENT TRUST FUND
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1987
(thousands of dollars)

| | <u>1987</u> | <u>1986</u> |
|-----------------------------|------------------|-------------------|
| Investment income | <u>\$102,982</u> | <u>\$ 120,287</u> |
| Distributions to depositors | <u>\$102,982</u> | <u>\$ 120,287</u> |

CONSOLIDATED CASH INVESTMENT TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1987

Note 1 Authority

The Consolidated Cash Investment Trust Fund operates under the authority of the Financial Administration Act, Chapter F-9, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

- (a) Investments are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investments.

The cost of investments disposed of is determined on the average cost basis. Realized gains and losses on disposals of investments are included in the determination of investment income.

- (b) Investments and payables in respect of forward exchange contracts denominated in foreign currency are translated at the rate of exchange in effect at the balance sheet date. Unrealized exchange gains or losses relating to hedged monetary assets are deferred.
- (c) A statement of changes in financial position has not been provided as disclosure in these financial statements is considered to be adequate.

Note 3 Due to Depositors

| | <u>1987</u> | <u>1986</u> |
|---|----------------------|------------------------|
| Participation of depositors at end of year | \$975,775,000 | \$1,210,429,000 |
| Deferred translation gains and losses, receivables and payables relating to forward exchange contracts, net | (3,352,000) | 1,582,000 |
| | <u>\$972,423,000</u> | <u>\$1,212,011,000</u> |

Note 4 Approval of Financial Statements

These financial statements were approved by management.

CONSOLIDATED CASH INVESTMENT TRUST FUND
INVESTMENTS
MARCH 31, 1987
(thousands of dollars)

| | 1987 | | 1986 | |
|---|------------------|------------------|--------------------|--------------------|
| | Book Value | Market Value | Book Value | Market Value |
| Bond coupons and residuals: | | | | |
| Government of Canada, direct | \$ 92,414 | \$ 93,259 | \$ 75,023 | \$ 74,779 |
| Bonds: | | | | |
| Government of Canada, direct | 25,288 | 25,497 | — | — |
| Mid-term money market securities: | | | | |
| Promissory notes | 14,378 | 14,546 | — | — |
| Bearer deposit note | 4,731 | 4,772 | — | — |
| Short-term money market securities (a): | | | | |
| Treasury bills: | | | | |
| Government of Canada | 365,633 | 365,633 | 411,900 | 411,900 |
| Province of Alberta | 27,324 | 27,324 | — | — |
| Other provinces | 60,726 | 60,726 | 49,696 | 49,696 |
| Deposit receipts | 154,934 | 154,934 | 240,009 | 240,009 |
| Promissory notes: | | | | |
| Province of Alberta | 10,000 | 10,000 | — | — |
| Other provinces | 9,840 | 9,840 | 58,561 | 58,561 |
| Corporate | 74,165 | 74,165 | 140,826 | 140,826 |
| Bankers' acceptances | 92,427 | 92,427 | 117,158 | 117,158 |
| Bearer deposit notes | 39,390 | 39,390 | 29,168 | 29,168 |
| Certificates of deposit | — | — | 59,022 | 59,022 |
| Call loans | — | — | 30,000 | 30,000 |
| | <u>\$971,250</u> | <u>\$972,513</u> | <u>\$1,211,363</u> | <u>\$1,211,119</u> |

(a) The market value of short-term money market securities is estimated to approximate cost.

GENERAL TRUST ACCOUNT
FINANCIAL STATEMENT
MARCH 31, 1987

Auditor's Report
Statement of Assets and Liabilities
Notes to the Financial Statement
Schedule of Liabilities to Depositors - Cash
Schedule of Liabilities to Depositors - Security Deposits Held

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the statement of assets and liabilities of the General Trust Account as at March 31, 1987. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the financial position of the General Trust Account as at March 31, 1987 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
June 26, 1987

GENERAL TRUST ACCOUNT
STATEMENT OF ASSETS AND LIABILITIES
MARCH 31, 1987

| | 1987 | 1986 |
|------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Cash | \$ 13,039,582 | \$ 28,762,794 |
| Security deposits held | <u>21,465,053</u> | <u>26,154,078</u> |
| | <u>\$ 34,504,635</u> | <u>\$ 54,916,872</u> |
| LIABILITIES | | |
| Accounts payable | \$ 42,312 | \$ 9,375 |
| Liabilities to depositors: | | |
| Cash, Schedule 1 | 12,997,270 | 28,753,419 |
| Security deposits held, Schedule 2 | <u>21,465,053</u> | <u>26,154,078</u> |
| | <u>\$ 34,504,635</u> | <u>\$ 54,916,872</u> |

The accompanying notes are part
of this financial statement.

GENERAL TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENT
MARCH 31, 1987

- Note 1 Significant Accounting Policies and Reporting Practices
- Security Deposits Held
- Negotiable and/or cashable instruments held, and the matching liabilities therefor, are recorded at par value. Written financial guarantees, including performance bonds, held by the Province are not reflected in this financial statement.
- Liabilities to Depositors
- Liabilities to depositors are not individually listed but are grouped under the Department charged with responsibility for receiving or withholding and disbursing monies or for administering the legislation pursuant to which the security deposits are received and held.
- Note 2 Income
- Interest income earned by the General Trust Account on cash deposits is not paid to individual depositors but is instead credited in full directly to the General Revenue Fund. Income earned on security deposits held belongs to the parties lodging the securities with the Province.
- Note 3 Expenditure
- Salaries, accommodation and other overhead costs incurred in the administration of the Account have been borne by the General Revenue Fund and are not reflected in this financial statement.
- Note 4 Comparative Figures
- The 1986 figures have been reclassified where necessary to conform to the 1987 presentation.
- Note 5 Approval of Financial Statement
- This financial statement was approved by management.

GENERAL TRUST ACCOUNT
SCHEDULE OF LIABILITIES TO DEPOSITORS - CASH
MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|---|---------------------|---------------------|
| Advanced Education: | | |
| General | \$ 171,400 | \$ 5,000 |
| Agriculture: | | |
| Canadian Dairy Commission | 595,390 | 517,283 |
| General | 336,863 | 172,771 |
| 4H Trust Account | 7,847 | 378 |
| Attorney General: | | |
| General | 64,665 | 149,593 |
| Community and Occupational Health: | | |
| General | 120,548 | — |
| Consumer and Corporate Affairs: | | |
| General | 90,922 | 154,663 |
| Culture: | | |
| Contract Holdbacks | — | 58,869 |
| C.O. Nickle Donation | 37,200 | 37,200 |
| Economic Development and Trade: | | |
| Trade Show and Conference Account | 24,400 | 66,200 |
| Contract Holdbacks | 11,199 | 3,885 |
| Energy: | | |
| Alberta Oil Sands Technology and Research | | |
| Authority - Contract Holdbacks | — | 1,207,897 |
| Mines and Minerals Act - Securities Trust | 3,089,592 | 4,399,646 |
| Oil and Gas Conservation Act - Securities | | |
| Trust | — | 1,164,618 |
| Environment: | | |
| Contract Holdbacks | — | 4,037,145 |
| General | 24,850 | 118,649 |
| Forestry, Lands and Wildlife: | | |
| Fish Hatchery Trust | 2,199 | 7,268 |
| Forests Act - Securities Trust | 872,636 | 731,517 |
| General | 1,578,739 | 1,884,054 |
| Labour: | | |
| Employment Standards - Securities Trust | 176,510 | 229,549 |
| Industrial Wages - Securities Trust | 29,133 | 23,898 |
| Personnel Administration Office | 19,286 | 12,111 |
| Municipal Affairs: | | |
| General | 334,564 | 55,948 |
| Suspense | 1,799 | 6,212 |
| Tax Recovery Trust | 10,368 | 24,664 |
| Public Works, Supply and Services: | | |
| Contracts | 296,456 | 7,510,649 |
| Recreation and Parks: | | |
| General | 153,981 | 441,231 |
| Social Services: | | |
| General | 4,000 | 141,520 |
| Tourism: | | |
| General | — | 10,000 |
| Transportation and Utilities: | | |
| Contract Holdbacks | 4,812,607 | 5,495,426 |
| Deposits for Specifications | 46,200 | 19,800 |
| Land Purchase Holdback Trust | 75,916 | 65,775 |
| Treasury: | | |
| General | 8,000 | — |
| | <u>\$12,997,270</u> | <u>\$28,753,419</u> |

GENERAL TRUST ACCOUNT
SCHEDULE OF LIABILITIES TO DEPOSITORS - SECURITY DEPOSITS HELD
MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|---------------------|---------------------|
| Energy: | | |
| Mines and Minerals Act - Securities Trust | \$18,724,961 | \$19,577,183 |
| Oil and Gas Conservation Act - Securities Trust | — | 3,702,301 |
| Forestry, Lands and Wildlife: | | |
| Forests Act - Securities Trust | 692,430 | 735,740 |
| General | 439,594 | 426,612 |
| Labour: | | |
| Industrial Wages - Securities Trust | 371,068 | 484,803 |
| Public Works, Supply and Services: | | |
| Contracts | 191,000 | 140,439 |
| Recreation and Parks: | | |
| General | <u>1,046,000</u> | <u>1,087,000</u> |
| | <u>\$21,465,053</u> | <u>\$26,154,078</u> |

OTHER TRUST FUNDS AND OTHER MONEY OVER WHICH
THE LEGISLATURE HAS NO POWER OF APPROPRIATION
FINANCIAL STATEMENT
MARCH 31, 1987

Auditor's Report
Statement of Assets, Liabilities and Trust Equities
Notes to the Financial Statement
Schedule of Trust Equities

AUDITOR'S REPORT

To the Provincial Treasurer

I have examined the statement of assets, liabilities and trust equities of the Other Trust Funds and Other Money Over Which the Legislature Has No Power of Appropriation as at March 31, 1987. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the financial position of the Other Trust Funds and Other Money Over Which the Legislature Has No Power of Appropriation as at March 31, 1987 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Edmonton, Alberta
October 2, 1987

C.A.
Auditor General

OTHER TRUST FUNDS AND OTHER MONEY OVER WHICH
THE LEGISLATURE HAS NO POWER OF APPROPRIATION
STATEMENT OF ASSETS, LIABILITIES AND TRUST EQUITIES
AS AT MARCH 31, 1987

| | 1987 | 1986 |
|-------------------------------------|---------------------|---------------------|
| ASSETS | | |
| Cash | \$61,544,174 | \$55,499,153 |
| Accounts and loans receivable | 3,136,214 | 1,776,483 |
| Investments | 3,067,748 | 3,993,397 |
| Damage, security and other deposits | 17,761,182 | 23,589,306 |
| Other | 517,028 | 552,259 |
| | <u>\$86,026,346</u> | <u>\$85,410,598</u> |
| LIABILITIES AND TRUST EQUITIES | | |
| Liabilities: | | |
| Accounts payable | \$ 2,735,357 | \$ 3,302,125 |
| Trust equities (Schedule 1) | 83,290,989 | 82,108,473 |
| | <u>\$86,026,346</u> | <u>\$85,410,598</u> |

The accompanying notes are part
of this financial statement.

OTHER TRUST FUNDS AND OTHER MONEY OVER WHICH THE
LEGISLATURE HAS NO POWER OF APPROPRIATION
NOTES TO THE FINANCIAL STATEMENT
MARCH 31, 1987

- Note 1 Investments
Investments are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the investments.
Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.
- Note 2 Damage, Security and Other Deposits
Damage and security deposits are held pending satisfactory completion of contract work, or lodged with the government to secure proper performance of some act as required by legislation; they are valued at par or face amount. Other deposits are held by various courts and sheriffs' offices pending the outcome of civil litigation.
- Note 3 Comparative Figures
The 1986 figures have been reclassified where necessary to conform to the 1987 presentation.
- Note 4 Approval of Financial Statement
This financial statement has been approved by management.

OTHER TRUST FUNDS AND OTHER MONEY OVER WHICH THE
LEGISLATURE HAS NO POWER OF APPROPRIATION
SCHEDULE OF TRUST EQUITIES
MARCH 31, 1987

| | <u>1987</u> | <u>1986</u> |
|--|---------------------|---------------------|
| OTHER TRUST FUNDS: | | |
| Advanced Education | | |
| Advanced Education Endowment Fund | \$ 1,137,757 | \$ 1,299,262 |
| John Joseph Collett Memorial Scholarship Fund | 3,420 | 3,447 |
| Agriculture | | |
| Claude Gallinger Memorial Fund | 21,093 | 20,895 |
| National Tripartite Price Stabilization Program Trust Account | 2,298,791 | — |
| Pennington Memorial Scholarship Fund | 23,057 | 23,247 |
| Thomas Caryk Memorial Scholarship Fund | 5,406 | — |
| Attorney General | | |
| Land Titles Offices | 88,670 | 98,739 |
| Maintenance Enforcement Trust | 299,593 | 13,741 |
| Various Courts and Sheriffs' Offices | 26,839,316 | 31,178,652 |
| Community and Occupational Health | | |
| Various Institutions Trust Accounts | 208,799 | 208,968 |
| Consumer and Corporate Affairs | | |
| Collection Practices Act Trust | 50,000 | 45,300 |
| Debtors Assistance Trust | 28,613 | 39,997 |
| Insurance Companies Trust | 4,396,400 | 5,229,000 |
| Orderly Payment of Debts | 104,837 | 125,276 |
| Securities Act Trust | 12,925 | 22,925 |
| Culture | | |
| Fort Dunvegan Historical Society Trust Fund | 31,125 | 28,505 |
| New Canadian Encyclopedia Publishing Ltd. Trust Fund | 10,012 | 1,263 |
| Education | | |
| Expo' 86 Student Travel Trust Fund | 793,637 | — |
| Federal French Language Grants Fund | 4,780,988 | 4,441,327 |
| School for the Deaf Donations | 29,721 | 17,287 |
| School for the Deaf Pupils Trust | 3,019 | 2,620 |
| Mildred Rowe Weston Estate Trust | 69,047 | 68,340 |
| Labour | | |
| Long Term Disability Benefit Fund | 640,607 | 397,445 |
| Long Term Disability Benefit Fund - Bargaining Unit | (238,375) | (735,050) |
| Municipal Affairs | | |
| Metis Settlement Associations Grants Administration Fund | 1,021,603 | 1,531,765 |
| Public Works, Supply and Services | | |
| Security Deposits Trust Fund | 25,827 | 7,081 |
| Recreation and Parks | | |
| International Youth Year - 1985 Trust Fund | 205,992 | 465,053 |
| 1987 Western Canada Games Trust Fund | 148,364 | — |
| Social Services | | |
| Child Welfare Family Allowance Trust | 80,369 | 89,629 |
| Child Welfare Trust | 2,028 | 113,979 |
| Various Institutions Trust Accounts | 1,560,807 | 1,786,417 |
| Solicitor General | | |
| Correctional Institutions Trust Accounts | 360,706 | 259,956 |
| Treasury | | |
| A.L. Sifton Estate | 475,992 | 436,001 |
| Ultimate Heir Trust Fund "A" | 667,012 | 577,659 |
| Ultimate Heir Trust Fund "B" | 3,347,482 | 3,033,482 |
| OTHER MONEY OVER WHICH THE LEGISLATURE HAS NO POWER OF APPROPRIATION: | | |
| Treasury | | |
| Bond and Coupon Accounts: | | |
| Matured Interest | 345,327 | 740,205 |
| Unpresented Debentures | 201,051 | 131,973 |
| Payroll Deductions Trust | 33,209,971 | 30,404,087 |
| | <u>\$83,290,989</u> | <u>\$82,108,473</u> |



SECTION 9

**1986-87
PUBLIC ACCOUNTS**

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ALPHABETICAL INDEX OF FUNDS AND AGENCIES

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| Transportation and Utilities - Land Purchase Holdback Trust (Trust) | 8.59 |
| Transportation Revolving Fund | 3.35 |
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| Ultimate Heir Trust Fund "A" (Trust) | 8.63 |
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| Wheat Board Money Trust Account (Trust) | 8.3 |
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| 4-H Trust Account (Trust) | 8.59 |
| 1987 Western Canada Games Trust Fund (Trust) | 8.63 |

